

NOMINATION OF RONALD HARMON BROWN TO BE SECRETARY OF COMMERCE

Y 4. C 73/7: S. HRG. 103-73

Nomination of Ronald Harmon Brown t...

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

JANUARY 6, 1993

Printed for the use of the Committee on Commerce, Science, and Transportation



U.S. GOVERNMENT PRINTING OFFICE

64-142cc

WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-041315-X

NOMINATION OF RONALD HARMON BROWN TO BE SECRETARY OF COMMERCE

Y 4. C 73/7: S. HRG. 103-73

Nomination of Ronald Harmon Brown t...

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

JANUARY 6, 1993

Printed for the use of the Committee on Commerce, Science, and Transportation



U.S. GOVERNMENT PRINTING OFFICE

64-142cc

WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-041315-X

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ERNEST F. HOLLINGS, South Carolina, *Chairman*

DANIEL K. INOUE, Hawaii

WENDELL H. FORD, Kentucky

J. JAMES EXON, Nebraska

JOHN D. ROCKEFELLER IV, West Virginia

LLOYD BENTSEN, Texas

JOHN F. KERRY, Massachusetts

JOHN B. BREAU, Louisiana

RICHARD H. BRYAN, Nevada

CHARLES S. ROBB, Virginia

BYRON L. DORGAN, North Dakota

BOB KRUEGER, Texas

JOHN C. DANFORTH, Missouri

BOB PACKWOOD, Oregon

LARRY PRESSLER, South Dakota

TED STEVENS, Alaska

JOHN MCCAIN, Arizona

CONRAD BURNS, Montana

SLADE GORTON, Washington

TRENT LOTT, Mississippi

JUDD GREGG, New Hampshire

KEVIN G. CURTIN, *Chief Counsel and Staff Director*

JONATHAN CHAMBERS, *Republican Staff Director*

C O N T E N T S

	Page
Opening statement of Senator Bentsen	6
Opening statement of Senator Breaux	27
Opening statement of Senator Burns	48
Prepared statement	48
Opening statement of Senator Danforth	26
Opening statement of Senator Gorton	46
Prepared statement	76
Opening statement of Senator Hollings	1
Prepared statement	73
Opening statement of Senator Robb	44
Opening statement of Senator Rockefeller	41
Prepared statement	74

LIST OF WITNESSES

Brown, Ronald Harmon, Secretary of Commerce-designate	7
Prepared statement, biographical data, and questions and answers	9
D'Amato, Hon. Alfonse M., U.S. Senator from New York	3
Kennedy, Hon. Edward M., U.S. Senator from Massachusetts	4
Moynihan, Hon. Daniel Patrick, U.S. Senator from New York	2
Norton, Hon. Eleanor Holmes, Delegate to the U.S. House of Representatives from the District of Columbia	5
Rangel, Hon. Charles B., U.S. Representative from New York	3

APPENDIX

Brown, Ronald H., letter from, to Senator Lott, dated January 18, 1993	92
Bryan, Senator, prepared statement of	75
Conor, Bernard, Concerned American, prepared statement of	95
Ford, Senator, prepared statement of	74
Fredericks, Barbara S., Assistant General Counsel for Administration, Office of the General Counsel, Department of Commerce, letter from, to Senator Hollings, dated January 4, 1993	99
Gorton, Senator, prepared statement of	74
Graves, Earl G., President and Chief Executive Officer, Black Enterprise Magazine, letter from, to Senator Hollings, dated January 5, 1993	99
It's Not Ron Brown Who's Sleazy, It's the Media (article), Boston Sunday Globe, January 17, 1993, by Thomas Oliphant	94
Posthearing questions asked, and answers thereto by Mr. Brown:	
Senator Burns	85
Senator Danforth	80
Senator Exon	79
Senator Ford	78
Senator Gorton	83
Senator Hollings	77
Senator Inouye	77
Senator McCain	84, 90
Senator Pressler	81, 89
Senator Specter	90
Senator Stevens	81

NOMINATION OF RONALD HARMON BROWN TO BE SECRETARY OF COMMERCE

WEDNESDAY, JANUARY 6, 1993

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The committee met, pursuant to notice, at 10:06 a.m., in room SR-253, Russell Senate Office Building, Hon. Ernest F. Hollings (chairman of the committee) presiding.

Staff members assigned to this hearing: Loretta L. Dunn, senior counsel, and Patrick H. Windham, professional staff member; and Leslie G. Blossie, minority professional staff member.

OPENING STATEMENT OF SENATOR HOLLINGS

The CHAIRMAN. The committee will note that Secretary Bentsen was appointed last year. Have you balanced the budget already? Why not?

The committee will come to order. We are very pleased this morning to have the confirmation hearings for Ron Brown for Secretary of Commerce.

One note should be made. I am delighted at the turnout. I was told if you have a hearing this early, on January 6, that nobody is going to come; all the Members will be off on a trip.

The fact of the matter is, and the record should show, that when we last had a turn of administration in 1981 the Republicans took over the Senate. This committee had a hearing on January 6 for Secretary Malcolm Baldrige. Secretary Baldrige was named on December 11, 1980. His hearing was held on January 6, 1981.

This committee approved Mr. Baldrige on January 19, the day before the inauguration, conditional on his appointment after the inauguration of President Reagan, and he was appointed on January 20, confirmed by the Senate on January 22.

I mention this in response to the numerous stories about "ramrodding." There have been other stories to the effect that we have had too long a transitional period and what we really need is to facilitate things. I know President-elect Clinton wants to. The Senate wants to. Senator Mitchell, our leader, asked us before we even left last year that we should try to set these hearings as soon as possible.

Incidentally, we will have the hearings for Secretary-designate Peña tomorrow, and that conforms to the time we did the Drew Lewis nomination back on January 7, 1981. We are having them the exact same date—January 7, 1993.

I thought we ought to note that there will be 2 weeks between these hearings and the actual appointment, and the actual confirmation. If anything arises, if we want to have further hearings, we will listen to the Members. This is no ramrod.

I notice, Mr. Brown, you have been cleared by the Government Ethics Office and cleared by the General Counsel's Office at the Department of Commerce. We have your letter of recusal, your pledge against conflicts, and I note from your financial statement that you are dedicated. It is quite a sacrifice for you to take this position, giving up what you are doing in a financial sense.

I notice your questionnaire lists hundreds of contributions you made. You never made one to the chairman of the Commerce Committee. [Laughter.]

Mr. BROWN. That was an oversight, Mr. Chairman.

The CHAIRMAN. We have a very important group, here, of colleagues to present the distinguished gentleman. Senator Moynihan is here from the State of New York. Senator Moynihan, we would be glad to recognize you, sir.

STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, U.S. SENATOR FROM NEW YORK

Senator MOYNIHAN. Mr. Chairman, it is such an honor to begin this wonderful cycle of democracy as the President-elect sets his Cabinet ministers forward for the consideration of the Senate. It could hardly be more appropriate that the first should be the chairman of his party, one of the most distinguished lawyers of our city, and a son of the Northeast of which we are uncommonly proud.

He was raised in Harlem, later in Mount Vernon. He attended St. John's Law School for a career here on Capitol Hill with the National Urban League, with his party, and with his law firm.

I would speak very briefly, but to one important point, sir—3 years ago this month, as a member of the Finance Committee I raised the issue of the social security payroll taxes and whether it was equitable for us to be doing, as we had commenced to do and are doing now to an intense degree, to use the contributions to the retirement funds as general revenue, and that this was changing the structure of taxation.

American individuals were paying more in FICA taxes, Federal insurance contributions than they were in income taxes, and that inevitably this had a regressive effect.

One person in our party rose very emphatically to endorse that statement and that position, but with this addition. He pointed out that the impact on individuals—the impact on small business was exactly the same as the impact on individuals, that this was a tax on the small employers of the land that was changing the structure of their taxation, which was not only progressive but became more regressive as this payroll contribution grew and grew and became more and more a source of Federal revenue.

I think as Mr. Brown comes before you as Secretary of Commerce that it would be useful to record that long before this was any prospect, his parents ran a very distinguished small business—the Hotel Theresa. Even so, he had this perspective, and I am sure he will carry it forward, and I thank you for the honor of being the first to introduce him this morning.

The CHAIRMAN. Thank you. Senator D'Amato.

**STATEMENT OF HON. ALFONSE M. D'AMATO, U.S. SENATOR
FROM NEW YORK**

Senator D'AMATO. Mr. Chairman, members of the committee, let me tell you how tremendously pleased I am to be here with you. As a matter of fact, Mr. Chairman, I know first hand of the perspicacity of Ron Brown. He is a typical New Yorker. He calls it the way he sees it. He came up to New York and called it that way many times during the campaign, and I am pleased that the people did not listen to him. [Laughter.]

Mr. Chairman, today I am here not as a candidate, and he is not here as a Democratic leader. Ron Brown grew up in Harlem, where his father was manager of the famous and great Theresa Hotel at 125th Street, a center of the Harlem renaissance. He completed his law degree the hard way—by going to school at night and working as a social worker in the tenements of the Lower East Side, and it is that tough work ethic and that desire to help others that Ron Brown will bring to this position.

As many of you know, I have some very strong feelings about business and trade issues that come before the Commerce Department. The senior distinguished Senator, Senator Moynihan and I, spoke at length throughout the night on October 5 and in the morning on the issue of circumvention, involving the last American typewriter manufacturer, Smith-Corona.

So, we certainly need leadership that is willing to stand up for the American companies and American workers and ensure that they have free and fair trade opportunities, and I expect that Ron Brown will represent the best interests of all of the American people with the same passion and the same commitment that he has displayed throughout his life, and I am pleased and privileged to be able to present him along with Senator Moynihan and Senator Kennedy and his old and dear friend, Congressman Rangel.

The CHAIRMAN. Very good, thank you. Congressman Rangel from New York is here.

**STATEMENT OF HON. CHARLES B. RANGEL, U.S.
REPRESENTATIVE FROM NEW YORK**

Mr. RANGEL. My friends and colleague, it is an honor for me to appear here to introduce to you Ron Brown. I come as the senior Member of the New York State congressional delegation, but I would prefer to be here as a friend of Ron Brown.

This fabulous, internationally known hotel called the Hotel Theresa happened to have been the highlight in my career, because I was a desk clerk in that hotel working for Ron Brown's dad and some of my responsibilities, of course, was looking after young Ron, which we will not get involved in. [Laughter.]

But really, the excitement of working in a hotel can give you some idea as to what this young man has been exposed to, a place where Lyndon Johnson and other Presidential candidates felt that they could not embark in any campaign without being on that corner—125th Street and 7th Avenue—a place that was really known as my predecessor's corner, Adam Clayton Powell.

Without television, without the benefit of today's media, that is where he sent his message out, and a place where being manager of that hotel made you some kind of a very important person.

This is how Ron Brown got started, never forgetting the plight of those that were homeless, jobless, and hopeless. Yet he moved forward in order to get his life together. I have been so proud to have been supportive of his initiatives and to have helped make certain that he never forgets where he came from.

So, whether it was the Urban League in the District of Columbia, the leadership that he has provided in New York City, or certainly what he has done in the Army or with the law firm, which is an outstanding one, we who have followed his career like to say in Harlem, as so many people feel proud when they see that sign on a good product saying, made in the U.S.A., that we say, hey, raised in Harlem, and we are so glad to offer this gem to the United States and to the world.

I would like to conclude by saying that in 1974 and 1975 I was chairman of the Congressional Black Caucus. During that time, it was my job to talk with then President-for-life Duvalier about trying to change some of the atrocities that were being committed on the poor folks in Haiti and trying to bring forth some type of a trial justice system there, and I was doing this with the help and support of the Haitian Ambassador to the United States, a person who is alive and well and is included among my friends; namely George Solomon.

When Ron Brown became counsel to the Haitian Government, we in the Congressional Black Caucus worked very closely with him in trying to prevail upon that Government that if they ever intended to become a part of the Caribbean Basin initiative, that they had to change their ways, because we will not tolerate having anything short of democracy in our hemisphere.

That struggle still goes on. I am still involved, and I still appreciate the advice and counsel given to me by Ron Brown in this area.

I really think that for the Nation and the world that we have got a terrific candidate, and thank you for giving me this opportunity to be associated with him.

The CHAIRMAN. Very good, thank you. Senator Kennedy.

STATEMENT OF HON. EDWARD M. KENNEDY, U.S. SENATOR FROM MASSACHUSETTS

Senator KENNEDY Thank you very much, Mr. Chairman. I welcome the opportunity to join with my colleague in urging this committee's support and early confirmation of Ron Brown—13 years, long-time friend.

I have had the opportunity to work with him in tough political campaigns. I have been with him in rooms during tough negotiations, and when the heat goes up and the voices are raised and individuals become pompous or arrogant, Ron has a unique opportunity of cutting to the bone and understanding and finding common ground on difficult and complex issues.

He brings an intelligence and informed judgment on matters on which he is concerned and upon which he speaks. There was a saying in World War II that "the difficult we solve immediately, and

the impossible may take a little time." That is the way I think of Ron Brown—skilled administrator, skilled manager, one who builds the confidence of the team that he assembles together, an identifier of skilled individuals who have a sense of moral tone, and can carry forward important responsibilities.

Ron has served this country for 39 years of the earliest parts of his life. He has been an advocate for case workers, for those who are voiceless in our society. He served in the military. He was an outstanding leader at a critical time of this country's fight for equality on the basis of race in our society.

Long before he had the opportunities to be the kind of outstanding lawyer and political leader that he has been, he has been out there in the field serving the voiceless and those that have been left out, and left behind.

On a personal note, I served with him on the Advisory Board of the Institute of Politics at Harvard University. With the exception of this last meeting when he was preparing for this nominating process, he never missed a meeting. He was the first one there in the morning and the last one to leave.

I have seen the way the students respond to his insights into Government and into the political process. I have talked with those students after, and know very well how he has inspired those young people into public life. This is a very rare individual that understands, in a democracy, that there are two great political parties and that the power of public service is also recognizing the importance of a political party being a force for change in our society.

So, I commend to this committee really an extraordinary individual, a very valued friend. I believe that the President-elect has selected wisely. I believe, at a principal time when economic issues are the paramount issues of our time, that we need outstanding leadership in so many aspects of our Cabinet officials, that the clear voice that Ron Brown can bring to national policy and to international policy will serve this country well over the period of the future, and I would hope that this committee and the Senate would approve it.

The CHAIRMAN. Thank you. Congresswoman Norton.

STATEMENT OF HON. ELEANOR HOLMES NORTON, DELEGATE TO THE U.S. HOUSE OF REPRESENTATIVES FROM THE DISTRICT OF COLUMBIA

Ms. NORTON. Thank you, Mr. Chairman. Ron Brown and I were born in a city that does not have a Senator, but it has a Congresswoman who is very pleased to be here this morning to introduce my constituent and my friend, although I must say that neither role would bring me here if I did not believe that Ron Brown is extraordinarily well qualified for the post he seeks and has been nominated for.

Most of you know Ron Brown as a power lawyer or a national leader. I know Ron at his roots in Harlem—I was once Charlie's constituent as well, for a while—and at his roots in the civil rights movement where his talents first led him, and it says something about him that that is where they first led him. And it says something else about him that his talents inevitably led him to national

leadership as well, and without leaving the concerns that animated him at his roots behind.

I have known Ron for almost 30 years since we were both young professionals. I know him best for his work in the National Urban League, where he was a tenacious fighter for the rights of African Americans while spreading his wings so that he could deal with every sector in this city.

I know him as a gracious fighter and I know him as a man of extraordinary political and professional skills of just the kind the next Secretary of Commerce will need. It says everything about our country that it is finally ready to appoint an African American to be the Secretary of Commerce. It says much more about the superb qualifications of Ron Brown for this post.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Congresswoman Norton, and each of you for your outstanding statements here this morning on behalf of the nominee. I know you have other commitments, if you wish to be excused. Otherwise you are welcome to sit with the nominee. Thank you very very much.

Before, Mr. Brown, you present your statement, we are all pleased at the committee here to have our associate, Senator Bentsen, appointed to be Secretary of Treasury, and I know Senator Bentsen wanted to make a statement of welcome. Senator Bentsen.

OPENING STATEMENT OF SENATOR BENTSEN

Senator BENTSEN. Thank you very much, Mr. Chairman. You are quite right in that I still have to do some missionary work on some of those Finance Committee members, so I will have to leave rather quickly.

But I have known Ron Brown a long time; articulate, persuasive, one of the best negotiators I have known. But to have a man like this take the financial sacrifice he is taking, good at what he does and I think well paid for what he does. But to give that up and to go into public service, particularly with what President Clinton is insisting on in the way of ethics standards and stopping the revolving door policies, that is a sacrifice. And you only do that because you believe in public service and you want to make that kind of commitment to your country.

As one who played a role in the Trade Act of 1988, I feel very strongly about our problems insofar as our deficit in trade. It is an imperative that we have someone who is forceful and can sell a point of view as Secretary of Commerce. And I think that Ron Brown exemplifies that and I am just delighted to be here and to endorse that nomination.

And if you will forgive me, Mr. Chairman, and let me make my calls on the members of the Finance Committee, I noticed the acting chairman just left and I have hopes he is for my nomination. [Laughter.]

The CHAIRMAN. Very good, Senator. We appreciate it. I am going to file my statement. Any other statements can be filed. We would like to hear from the nominee.

Mr. Brown, before you make your statement, you have your fine family present with you. Would you present them?

STATEMENT OF RONALD HARMON BROWN, SECRETARY OF COMMERCE-DESIGNATE

Mr. BROWN. I would like them to stand, please. My wife Alma, my daughter Tracey, and my son Michael are all here with me today.

The CHAIRMAN. We welcome them to the committee. We are very delighted to have them. [Applause.]

We will now hear from you, sir.

Mr. BROWN. Thank you very much, Mr. Chairman and Senator Danforth and members of this committee. I am proud to have this opportunity to come before you today and very much appreciate the courtesy shown me during my visits with members of the committee. I visited with all the members of the committee except one, my friend Senator Inouye, who I have talked to many times in the past. I want to indicate at this time that I am going to continue to reach out to members of the committee, Democrats and Republicans alike, and seek your views and your ideas about how we can best be strong advocates for American business and industry and commerce.

I will keep my remarks brief this morning, in the interest of having more time to answer your questions. I would like, however, to take a few minutes to give you a sense of the values I bring to this challenge and the direction in which I intend to move the Department of Commerce as a member of President-elect Clinton's Cabinet and as a member of his economic team.

When announcing his intention to nominate me to be Secretary of Commerce, President-elect Clinton indicated that he wanted to make the Department of Commerce a powerhouse and that he expected it to play a more visible and powerful role in rebuilding the American economy. I look forward to the task of working with all of you to ensure that Commerce is indeed a forceful advocate for America's commercial interests, in trade, in technology, and in economic development.

Two values have defined my life, optimism and pragmatism. I hope both will serve me well at the Department of Commerce.

My story is yet another testament to the opportunity and greatness of our country. As you have heard this morning, I grew up in Harlem and I had the privilege of living in a home with two wonderful, strong, caring, and supportive parents. I attended college on scholarship. I earned my spending money waiting tables and through the ROTC program. My first job after college was as a case worker for the New York City Welfare Department. I attended law school at night while working during the day.

I proudly served in the U.S. Army in Germany and Korea, and then spent 12 years at the National Urban League as a civil rights advocate. I served this body as chief counsel of the U.S. Senate Committee on the Judiciary and then I practiced law. In 1989 I was elected chairman of the Democratic Party of the United States.

And at each and every stage of my career I have worked to transform principles into actions and concrete results. I have learned that no goal is beyond our reach if we are focused and forceful in its pursuit. I am proud of my successes and look forward to applying all of my experiences to the challenges which lie ahead.

I have found that focusing pragmatically on the task at hand is the best way to build bridges and the best way to make progress. As chairman of the Democratic Party, I brought divergent interests together. As an advocate for American business and commerce, I will bring that same commitment and that same approach to the Department of Commerce, reaching across old lives of business and Government and labor.

President-elect Clinton is making this approach a focal point of his administration's economic agenda. Expanded technology programs must center on industry-led, market driven partnerships. Modernization and recommitment to the National Oceanic and Atmospheric Administration's mission can help avoid false choices between the environment and economic growth. Creative new business development efforts will bring sustained growth to minority and disadvantaged businesses.

The Department of Commerce's central mission must be to promote long-term economic growth for our country and all of its people. Other members of the President's Cabinet and National Economic Council will keep macroeconomic, budget, and tax policies in constant focus.

As Secretary of Commerce, my goal will be to make sure that America's commercial interests are represented strongly and vigorously in every arena. As a member of the Cabinet, I will work to develop international trade policy, technology policy, and business development approaches that aggressively advance our country's economic prospects and, most importantly, create jobs for our people.

The lion's share of the responsibility for economic growth clearly lies with the private sector, but this should not blind us to the importance of Government policies in encouraging and developing and pursuing our goal of economic strength. We must strengthen America's industrial and technological leadership.

Although the United States is a leader in basic research, we have often lagged in commercialization of new technologies. As you have pointed out, Chairman Hollings, we often seem to win the Nobel Prizes but others in other countries seem to always get the profits. And we must reinvigorate our trade policy by promoting expanded trade, by working forcefully to open foreign markets, and by responding vigorously to unfair foreign trade practices.

As the Secretary of Commerce, I will also strongly support meaningful programs to increase opportunity for minority businesses. Minority businesses which are primarily small businesses can play a vital role in the economic growth of our country, but only if they are afforded the chance to take advantage of business opportunities in both the domestic and international arenas.

In the answers I have submitted to this committee's written questions, I have set out my thoughts about the Department and its challenges in more detail. One point I would like to reemphasize, however, and that is that I will be relentlessly aggressive and pragmatic in advancing the health and growth of the American economy. The question before us is how best to design trade, technology, and development policies, not theoretical arguments about whether we ought to have those policies. Action, not ideology, will be my watchword.

Working with the talented, experienced, and dedicated employees of the Commerce Department, we must find new and better ways of doing the business of that Department. This administration will call for expanding the National Institute of Standards and Technology's budget, but the dollars will be spent on targeted innovative programs. We cannot stop at the bargaining table when we negotiate open markets. We must develop policies to help our firms capitalize on those negotiating successes. NOAA's critical functions in research, resource management, and weather prediction must receive the attention and support they deserve.

And finally, Mr. Chairman, Senator Danforth, and members of this committee, I consider Government service to be an honor. Service in the Cabinet is a privilege of the first order. I fully embrace not only current Federal ethics laws, but the new, far stricter rules of service required by President-elect Clinton. The American public needs and deserves absolute certainty about whose interests are being served in Government. These new standards will help restore confidence and break the cycle of cynicism. I am proud to be a part of that change and I am proud to be before you today as President-elect Clinton's choice as Secretary of Commerce.

Thank you very much, Mr. Chairman.

[The prepared statement, biographical data, and questions and answers of Mr. Brown follow:]

PREPARED STATEMENT OF SECRETARY OF COMMERCE-DESIGNATE RONALD H. BROWN

Mr. Chairman, Senator Danforth, members of the Committee, I am proud to have this opportunity to come before you today, and I appreciate the courtesy shown to me during my visits with Committee members. I will keep my statement brief, in the interest of having more time to answer your questions. I would like, however, to take a few minutes to give you a sense of the values I bring to this challenge and the direction I hope to take at the Department of Commerce as a member of President-elect Clinton's Cabinet and economic team.

When nominating me to be Secretary of Commerce, President-elect Clinton indicated he wanted to make the Department a "powerhouse," and that he expected it to play "a more visible and powerful role in rebuilding the American economy." I look forward to the task of working with you to ensure that Commerce is indeed a forceful advocate for America's commercial interests—in trade, in technology, and in economic development.

Two values have defined my life: optimism and pragmatism—I hope both will serve me well at the Department of Commerce. My story is yet another testament to the opportunity and greatness of this nation. I grew up in Harlem and then attended college on a scholarship—ROTC and waiting tables helped me earn spending money. My first job after college was as a New York City welfare caseworker, while attending law school at night. I proudly served in the U.S. Army in Germany and Korea, and then spent twelve years at the National Urban League as a civil rights advocate. I served this body as Chief Counsel of the Senate Judiciary Committee, and then practiced law. In 1989, I was elected Chairman of the Democratic Party. At each and every stage of my career, I have worked to transform principles into actions and concrete results.

I have learned that no goal is beyond our reach if we are focused and forceful in its pursuit. I am proud of my successes, and look forward to applying all of my experience to the challenges that lie ahead.

I have found that focusing pragmatically on the task at hand is the best way to build bridges and make progress. As Chairman of the Democratic Party, I brought divergent interests together. As the advocate of American commerce, I will bring that same approach to the Department—reaching across old lines of division between business, government, and labor. President-elect Clinton is making this a focal point of his Administration's economic agenda, particularly in areas directly related to the Department of Commerce. Expanded technology programs must center on industry led, market driven partnerships; modernization and recommitment to NOAA's mission can help avoid false choices between the environment and economic

growth; creative, new business development efforts will bring sustained growth to minority business and disadvantaged communities.

I would like to assure the Republican members of this Committee that I know that I will need your support and your advice; I will seek every opportunity to work with you in advancing Commerce's important mission.

The Department of Commerce's central mission must be to promote long term economic growth. Other members of the National Economic Council will keep the macroeconomic, budget, and tax policies in constant focus; as Secretary of Commerce my goal will be to make sure that America's commercial interests are represented vigorously in every arena. As a member of the National Economic Council, I will work to develop international trade policy, technology policy, and business development approaches that aggressively advance our country's economic prospects and create jobs for our people. The lion's share of the responsibility for economic growth lies with the private sector, but this should not blind us to the importance of government policies in encouraging economic strength.

We must strengthen America's industrial and technological leadership. Although the U.S. is a leader in basic research, we have often lagged in commercialization of new technologies. As you have pointed out, Mr. Chairman, it seems that too often the United States gets the Nobel Prize, while others get the profits.

And we must reinvigorate U.S. trade policy by promoting expanded trade, by working to open foreign markets, and by responding vigorously to unfair foreign trade practices.

As the U.S. Secretary of Commerce, I will also strongly support meaningful programs that increase opportunities for minority businesses. Minority businesses, which are mainly small businesses, can play a vital role in the economic growth of our country, but only if they are afforded the chance to take advantage of business opportunities in both domestic and international marketplaces.

In the answers I have submitted to this Committee's written questions, I have set out my thoughts about the Department and its challenges in more detail. One point I would like to emphasize, however, is that I will be relentlessly pragmatic in advancing the health and growth of the American economy. The question before us is how best to design trade, technology, and development policies; not theoretical arguments over whether or not to have them.

Action, not ideology, will be my watchword.

Working with the talented, experienced and dedicated employees of the Commerce Department, we must find new and better ways of doing the business of the Commerce Department. This Administration will call for expanding the National Institute of Science and Technology budget, but the dollars will be spent on targeted, innovative programs. We cannot stop at the bargaining table when we negotiate open markets; we must develop policies to help our firms capitalize on these negotiating successes. NOAA's critical functions in research, resource management, and weather prediction must receive the attention and support they deserve.

Finally, I consider government service to be an honor; service in the Cabinet is a privilege of the first order. I fully embrace not only current federal ethics laws, but the new, far stricter rules of service required by President-elect Clinton. The American public needs and deserves absolute certainty about whose interests are being served in government; these new standards will help restore confidence and break the cycle of cynicism. I am proud to be a part of this change.

And I am proud to be before you today as President-elect Clinton's choice for Secretary of Commerce.

Thank you.

BIOGRAPHICAL DATA

Name: Brown, Ronald Harmon; address: 2722 Unicorn Lane, N.W., Washington, DC 20015; business address: 430 South Capitol Street, S.E., Washington, DC, 20003.

Position to which nominated: Secretary of Commerce; date of nomination: December 12, 1992.

Date of birth: August 1, 1941; place of birth: Washington, DC.

Marital status: Married; full name of spouse: Alma Arrington Brown; names and ages of children: Michael A. Brown, 27; and Tracey L. Brown, 25.

Education: St. John's University School of Law, 6/67-6/70, J.D., 6/70; St. John's University School of Law, 9/62-1/63; and Middlebury College, 9/58-5/62, B.A., 5/62.

Employment: 2/89-, Democratic National Committee, Chairman; 7/81-, Patton, Boggs & Blow, Attorney/Partner; 1/81-7/81, Senator Edward Kennedy, General Counsel/Staff Director; 8/80-1/81, Senate Judiciary Committee, Chief Counsel; 11/

79-8/80, Kennedy for President, Deputy National Campaign Manager; 9/73-11/79, National Urban League, Director, Washington Bureau; 6/67-9/73, National Urban League, several positions, including General Counsel; 7/66-6/67, U.S. Army, Captain; 7/63-7/66, U.S. Army, Kassel, Germany, First Lieutenant; 2/63-7/63, U.S. Army, Ft. Eustis, VA, Second Lieutenant; and 8/62-2/63, New York City Welfare Department, Caseworker.

Government experience: Chairman, Board of Trustees, University of the District of Columbia (1976-80, 1982-85); Federal Home Loan Bank Advisory Council (appointed by President Carter, 1978-79); The United States National Commission for UNESCO, appointed by Secretary of State Vance (1977-79); Citizens' Action Committee to Fight Inflation, appointed by Secretary of State Vance, (1974-75); National Advisory Commission on Criminal Justice, Standards and Goals, appointed by Attorney General Mitchell (1973); and Tuskegee Health Investigatory Panel, Department of Health, Education and Welfare, appointed by Secretary Weinberger (1972-73).

Political affiliations: 1989, Chairman, Democratic National Committee; 1988, Senior Political Advisor, Dukakis Presidential Campaign; 1988, Convention Manager, Jesse Jackson for President; 1988, Democratic National Committee Executive Committee; 1986-88, Chairman, DNC Task Force on Voting Rights; and 1982-85, Deputy Chairman, Democratic National Committee.

Financial Contributions

Date	Amount	Recipient	Date	Amount	Recipient
04/08/84	\$100	Parren Mitchell Campaign for Congress	07/30/86	1,500	Citizens to Reelect Mayor Barry
04/18/84	25	Plotkin for D.C. Committee	08/12/86	50	Clarence Mitchell III for Congress
07/06/84	400	John Wilson Campaign	08/12/86	250	Committee to Re-Elect Ed Towns
08/22/84	50	Jim Hunt Committee	09/05/86	300	Dixon for Congress
10/18/84	100	Committee to Re-Elect John Ray	09/23/86	100	Leahy for U.S. Senate
11/02/84	250	Bruce Morrison Re-Election Committee	10/08/86	35	Wolpe for Congress Committee
05/13/85	300	Keep Kastenmeier in Congress	10/09/86	250	Citizens for Townsend
05/14/85	250	Leland for Congress	01/28/87	100	Mayor Washington Fund
05/16/85	250	Dymally Campaign Committee	02/20/87	200	Citizens for Townsend
05/21/85	300	Larry Smith for Congress	02/20/87	100	David N. Dinkins Committee
06/06/85	250	The Kerry Committee	03/05/87	500	Friends of Homer Broome
07/24/85	250	Committee for Congressman Delums	03/11/87	100	Nancy Pelosi for Congress
07/24/85	250	All Chicago Committee	05/15/87	250	Citizens for George R. Burrell, Jr.
07/29/85	100	Synar for Congress	05/28/87	300	Leland for Congress
08/30/85	150	Friends of David Dinkins	06/02/87	35	Pena for Denver
09/23/85	150	Leahy for U.S. Senator	06/11/87	1,000	Metzenbaum for Senate
10/31/85	100	Wilder for Lieutenant Governor	06/15/87	1,000	Committee to Re-Elect Senator Kennedy
11/26/85	250	Dymally Campaign Committee	06/24/87	250	Feighan for Congress Committee
12/12/85	25	Williams for Congress	06/25/87	100	Friends of Kurt Schmoke
02/14/86	50	Friends of Marion Barry	06/25/87	100	Barton for Congress '86
02/25/86	250	Mike Espy Campaign Committee	07/15/87	100	Committee to Re-Elect Mayor Washington
02/26/86	100	Citizens for Joe Kennedy	07/15/87	25	Delgadillo for Assembly
04/1/86	1,000	Wilson Goode for Mayor	07/29/87	150	Dukakis for President Committee
04/15/86	100	New Mexicans for Bill Richardson	09/09/87	150	Citizens for George Burrell
04/16/86	250	Price for Congress	09/22/87	250	Keep Kastenmeier in Congress
04/21/86	50	Committee to Elect Ruby Martin	10/07/87	150	Committee for Congressman Delums
04/21/86	100	Rodney Ellis Re-Election Campaign	10/15/87	15	Feighan for Congress
04/22/86	300	Leland for Congress	10/22/87	100	David Price for Congress
05/05/86	200	Keep Kastenmeier in Congress	11/10/87	250	Committee to Re-Elect Ed Towns
05/06/86	250	Friends of Bob Torricelli	12/02/87	500	Art Agnos for Mayor
05/06/86	1,000	Friends of Tom Bradley	01/04/88	1,000	Jesse Jackson for President '88
05/08/86	500	Edgar for Senate	01/26/88	250	Feighan for Congress Committee
05/29/86	300	Larry Smith for Congress	01/26/88	150	Citizens for Joe Kennedy
06/05/86	50	Teicher for Congress '86	02/18/88	200	The Webb Fund
06/17/86	100	David Price for Congress	03/17/88	200	The Congressman Joe Barton Committee

Financial Contributions—Continued

Date	Amount	Recipient	Date	Amount	Recipient
06/17/86	100	Julian Bond to Congress	03/24/88	200	Swift for Congress
06/17/86	500	The Thomas S. Foley Committee	04/04/88	500	Slaiman for Congress
06/19/86	500	Citizens to Reelect Mayor Barry	04/06/88	100	Dymally Committee
06/23/86	300	Stokes for Congress Committee	06/10/88	1,000	Committee to Re-Elect Senator Kennedy
06/24/86	150	The Jim Shannon State Committee	06/20/88	500	The Thomas S. Foley Committee
06/26/86	50	Terry Sanford for U.S. Senate	06/22/88	250	Pena for Denver
06/26/86	250	John F. White, Jr. for City Council	09/19/88	250	Anna Eshoo for Congress
07/08/86	100	Harriet Woods Committee	10/04/88	250	Payne '88
07/22/86	250	Brock Adams Senate Committee	12/13/88	362.30	Mickey Leland (payment was to Design Cuisine for catering expenses for reception for Mickey Leland)
07/22/86	250	John Breaux Committee	09/30/90	1,000	Harvey Gantt for Senate
07/22/86	250	Citizens for Joe Kennedy			

Memberships: I serve on the board of the following organization: national Child Labor Committee, New York, NY; Work in America Institute, Inc., Scarsdale, NY; Metropolitan Washington United Negro College Fund, Washington, DC; Public Voice for Food & Health Policy, Washington, DC; Middlebury College, Middlebury, VT; Chair, Senior Advisory Committee, Harvard University, JFK School of Government, Cambridge, MA; Life Member, NAACP; Member, Sigma Phi Pi (Epsilon Boule); and Member, Sigma Phi Epsilon.

Honors and awards: Harvard University, Institute of Politics, JFK School of Government (fellowship), 1980; National Urban League fellowship (law school study), 1976–70; Henry Luce Foundation travel and study grant, 1969; and Honorary Doctor of Laws from: Rhode Island College, Widener University, Hunter College, University of the District of Columbia, and St. John's University.

Published writings: "A Democratic Perspective on Legislative Districting," published at the University of Virginia, August 1990, the Journal of Law & Politics, Inc.

QUESTIONS ASKED BY SENATOR HOLLINGS AND SENATOR INOUE AND ANSWERS
THERE TO BY MR. BROWN

Question 1. If confirmed, what will be your major objectives and priorities as Secretary of Commerce?

Answer. President-elect Clinton has made clear that the top priority of the new Administration is creating a high wage, high-growth economy. The Department of Commerce must be focussed and aggressive in working to create jobs and strengthen our nation's economy. Expanding exports, promoting new technologies, supporting business development—these all require integrated action, crossing old lines between business, labor, and government.

In order to be effective, we must be pragmatic and realistic. The lion's share of the responsibility for creating jobs and strengthening America's economy lies with the private sector. U.S. companies must adopt world-class business practices: continual improvements in product and process technology, genuine employee involvement and participation, close relationships with suppliers and customers, environmentally sound business practices, and high levels of investment in plant and equipment, R&D and worker training. The federal government does, however, have a major role to play in creating an environment in which America's businesses can thrive, grow, and create jobs.

The Commerce Department can contribute to this goal in several critical ways. We must strengthen America's industrial and technological leadership. Although the United States is a leader in basic research, we have often lagged in commercializing new technologies. As you, Mr. Chairman, have observed, it seems that too often the United States gets the Nobel Prizes, while our competitors get the profits. If we want to create, high-wage, high-skill jobs, we cannot continue to let this happen. The federal government, working in close partnership with industry, can help our companies commercialize these new technologies. We must shift resources from defense to civilian R&D, and accelerate the development and diffusion of technologies that are the building blocks of economic growth. The Commerce Depart-

ment has an important role to play in meeting this challenge by investing in industry-led R&D consortia and helping small and medium-sized firms adopt leading-edge manufacturing techniques.

We must reinvigorate U.S. trade policy by working to open foreign markets, strengthening the international trading system, and responding vigorously to foreign unfair trade practices. Increased exports can make a major contribution to U.S. economic growth and job creation, and we must make sure that the international trading system continues to expand. The DOC must use our trade promotion programs to seize new market opportunities as they become available; our successes in opening markets at the trade negotiating table must be followed with programs to capitalize on these gains in industry after industry.

Understanding and managing our environmental resources are critical functions of government; NOAA's responsibilities in this area are key parts of DOC's mission. The investments we need to make in this area have a high rate of return—the critical challenge must be to reinvigorate and focus the management of NOAA.

Our economy must be rebuilt in every community; we do not have a person or a place to waste. The DOC, working with the Congress and other agencies, must ensure that economic development and minority business development involve all Americans in the task of preparing for the economic competition of the next century. This is particularly important in light of the challenges we face in the area of defense conversion.

The DOC must be a forceful advocate for the long term competitive strength of our firms and our communities, not just a regulator; the DOC can and must constantly seek out new ways and approaches to accomplishing this task across the full breadth of its charge.

Question 2. Please describe the qualifications that you bring to the position of Secretary of Commerce.

Answer. First and foremost, I bring two core values to this formidable task—optimism and pragmatism. Thanks to the opportunities this country has given me—from growing up in Harlem, to serving in the Army, to working in the Civil Rights community, to practicing law and politics—I have been continually reminded, in very practical terms, that no goal is beyond our grasp if we keep focussed and forceful.

More specifically, I believe that I have demonstrated leadership and the ability to turn an organization around. As Chairman of the Democratic National Committee, I helped transform the DNC from a "backwater" into a "powerhouse". The DNC transformation required precisely those executive abilities that managing the Department of Commerce will require—a strict definition of mission, the clear enunciation of short-term and long-term goals, and the ability to build consensus around them. I believe that I have shown that I know how to get things done, and getting things done is the primary challenge awaiting the new Secretary as he plays his role in the President-elect's program to build a foundation for long-term economic growth for all Americans.

Throughout my career, I have also worked with business leaders, labor leaders and community activists. In private practice, as a civil rights attorney at the Urban League, and as chair of the Party, I have made a career of bridging differences and turning diversity into strength. A Commerce Secretary must have this type of understanding and approach to succeed in fulfilling the Department's mission.

Finally, I bring with me the experience I was privileged to gain working for the United States Senate—and relationships that have remained strong since then. My knowledge of and respect for so many members on this Committee and this body, will, I hope, serve me well in advancing the goals of the Department of Commerce.

Question 3. What do you believe should be the Department of Commerce's (DOC) role in Administration programs and decisions regarding business, trade, technology, and the environment?

Answer. The Department of Commerce should be a strong advocate for American business, and for policies that strengthen America's competitiveness.

The Department has a leading role in formulating trade policies, including enforcement of U.S. trade laws, promotion of U.S. exports, and regional and sectoral analysis to help set intelligent priorities for U.S. trade policy.

The DOC must play a lead role in coordinating technology policy with an overall growth strategy. The Department is in a strong position to sponsor R&D that is directly relevant to the needs of industry, and to ensure that new technologies are commercialized or adopted by American businesses.

The Department has a critical role to play in environmental policy, through the National Oceanic and Atmospheric Administration. And we should play more attention to NOAA as an incubator for new environmental (including weather) tech-

nologies that are the basis for a successful U.S. role in a vital and growing world-wide industry.

Business development and economic conversion must become increasingly important at the Department of Commerce. As our economy continues to change, the Department of Commerce must ensure that companies and communities have the ability to adjust.

To ensure that all Americans enjoy genuine economic opportunity, minority business development is key, and the Department's priorities must reflect this.

Question 4. The DOC has its important missions in promoting economic competitiveness and environmental monitoring. What steps will you take to ensure that DOC is competent, effective, and an active player in Administration decisions?

Answer. During my tenure as Chairman of the Democratic National Committee, I learned a great deal about how effective organizations are run and how successful managers approach their tasks.

I believe that, in order to be as effective as possible, the Department of Commerce requires five critical assets. The first is management that stipulates clear goals and makes no secret of its continual and unqualified determination that they be met. This sets a tone for the entire organization.

The second asset is a workforce that is aware of its mission, that is empowered by virtue of a well designed program of internal communications, and that feels that being a part of the Department team will allow them to develop their skills, experience, and careers. I consider it my responsibility and a Departmental priority to create an environment where this happens.

The third asset is the support of the President. I believe that the President-Elect has made his vision of the Department of Commerce clear and that we will have his support in turning the Department into the "economic powerhouse" that he imagines.

The fourth is an ability to forge a constructive partnership between business, labor, and other government agencies at the federal, state, and local levels.

And, fifth, the Department needs a close and collaborative relationship with the Congress, both in formulating policy and monitoring its effectiveness. As Secretary I will understand the importance of that relationship and will act on that understanding.

COMPETITIVENESS STRATEGY

Question 5. DOC has a range of capabilities to help U.S. industry and workers compete successfully in world markets, including economic information, trade enforcement authority, export promotion programs, patent operations, and programs to assist industrial technology. How can these capabilities be best integrated and used to help U.S. companies improve their competitiveness in international markets?

Answer. The Department of Commerce must view its various programs in technology development, export promotion, protection of the environment, and economic development as elements of a comprehensive strategy to enhance U.S. competitiveness. This approach is important because there is no single "silver bullet" that will increase our competitiveness. It will require faster commercialization of new technologies, increased access to foreign markets, more patient capital, adoption of "best practices" by U.S. firms, and a skilled workforce operating in a "high-performance" work organization. Without some vision as to how these pieces can be woven together into a coherent whole, Commerce Department efforts on behalf of U.S. industry will be ineffective.

Question 6. Other governments continue to work with their companies to target key technologies and markets. The continued development of Airbus is frequently cited as one example. In your view, what are the most appropriate ways to first, monitor and understand foreign targeting actions such as those undertaken by Airbus and, second, effectively respond to that targeting?

Answer. Airbus is one of the clearest examples in which a foreign government or governments have targeted a specific industry, maintained subsidies over a prolonged period of time, and have enjoyed some degree of success. It is certainly not the only one. Many of our competitors are using home market protection, low interest loans, administrative guidance, and tolerance or encouragement of anticompetitive practices to create competitive advantage in strategic industries. These policies are not always successful, but they can injure American industries, and undermine support for an open international trading system.

The Department of Commerce can help respond to this problem in two ways. First, it can closely monitor foreign industrial targeting and its effect on U.S. industry. Second, it can effectively enforce U.S. trade laws, such as the countervailing

duty laws, to offset the injurious effect of foreign subsidies. It is important to recognize that foreign industrial targeting does exist, that it may have an effect on the composition of the U.S. economy, and that early responses from the U.S. Government are necessary and appropriate.

Question 7. In your opinion, why does the United States continue to have chronic merchandise trade deficits, particularly with Japan, and what stems do you believe would be appropriate to decrease the U.S. trade deficit?

Answer. The primary cause of the U.S. trade deficit is our macroeconomic policies. As long as the United States fails to save enough to finance its investment, the United States will have a current account deficit. Because of the persistent budget deficits and America's inadequate private savings, the United States has been unable to finance its investment without importing foreign capital.

Issues such as the competitiveness of American companies, foreign unfair trade practices, and our access to foreign markets are also very important. They help determine our "terms of trade." Our long-run standing in the international arena will be shaped by these trade and productivity factors; they are the focus of the long term growth efforts that are the central mission of the Department of Commerce.

TRADE POLICY

Question 8. President-elect Clinton has stressed the importance of the government assisting in the development of high technology industries of the future. Frequently, the development of new technology is threatened by unfair trade practices such as dumping, subsidies, and industrial targeting. This is what happened to the U.S. semiconductor industry and the flat panel display industry. Each was besieged by competitors whose dumped products eroded their market share. As Secretary of Commerce, you will be charged with enforcing the trade laws aimed at eliminating the predatory effect of dumping and subsidies. Do you believe that vigorous enforcement of the trade laws is an important component of a government policy to nurture the development of new technology?

Answer. Foreign unfair trade practices can undermine U.S. high-tech industries. For example, dumping has driven U.S. companies from markets and deterred entry. This has occurred in consumer electronics and memory chips. Market access is also critical. Many high-tech industries are characterized by learning economies, large investments in plant and equipment and R&D, and short product life-cycles. Given this, America's high-tech companies need full access to foreign markets to remain globally competitive.

Enforcement of U.S. trade laws (antidumping, countervailing duty, Section 301, Section 337) can help address foreign unfair trade practices such as dumping, subsidization, theft of intellectual property, and denial of market access. Trade policy is an important element of a comprehensive strategy to boost America's high-tech competitiveness.

Question 9. Exports account for some 90 percent of economic growth. DOC is the principal agency responsible for export promotion, yet some fifteen other agencies are involved in export promotion. What are your views on coordinating these functions? and

Question 10. The U.S. spends less on export promotion than any other industrialized Nation in the world. What are your views on increasing DOC's export promotion activity?

Answer. Export promotion is one of the principal missions of the Department of Commerce. It is my view that we must move forward to expand this function, coordinate it among the agencies, and target it towards those small to mid-sized firms where it will have the most impact.

Congress has directed the interagency Trade Promotion Coordinating Committee (TPCC) to develop a strategic plan for coordination of export promotion activities by September 1993. As chair of the TPCC, I intend to take full advantage of this opportunity to improve the conduct of U.S. export promotion policy.

This means, first, that we increase the level of information shared by the various agencies involved in trade promotion and have a stricter delineation of their responsibilities. Companies should not have to contact 19 different government agencies to determine which government services will help them penetrate foreign markets.

It may also be possible to increase the extent to which our information gathering infrastructures can be shared. The capabilities of the U.S. and Foreign Commercial Service may be of service to these other agencies in their own missions.

The United States must also improve the coordination between its trade policy and export policy. If the United States eliminates foreign barriers through bilateral or multilateral negotiations, we must be prepared to capitalize on new market access opportunities with an aggressive public-private export promotion strategy.

It is my view that we must move ahead vigorously to encourage more small and mid-sized firms to export. We should work with trade associations and industry groups to develop a more extensive data base of these companies and use modern information technology to link them to specific opportunities. We must also perform not only an information gathering function, but an educational one as well, by showing small businesses how to identify export leads, satisfy administrative shipping requirements, and line up export financing.

Question 11. What do you believe will be your role as a member of the Economic Security Council?

Answer. I think that the Commerce Secretary brings a unique perspective and set of concerns to the National Economic Council. The Secretary of Commerce must help call attention to (1) policies to create jobs; and (2) "micro" issues such as technology policy, defense conversion, the development of a modern telecommunications infrastructure, regional economic development, and export promotion that effect America's long-term productivity and are central to the new Administration's economic agenda. Export promotion, technology, environment, business development—these are all critical issues which must be brought before the National Economic Council as often as are macroeconomic and budgetary issues.

Question 12. The Bush Administration devoted a significant amount of time and resources toward concluding the Uruguay Round of the General Agreement on Tariffs and Trade. It was premised on the notion that the United States economy was in the process of changing from a manufacturing economy into a service economy. The Bush Administration was willing to make concessions in the areas of enforcing our trade laws, such as dumping and countervailing duty and trade protection for our textile and apparel industry, in order to liberalize trade in financial services, such as commercial banking, investment banking, and insurance. Do you believe that the Uruguay Round must be concluded soon and are you satisfied with the negotiating objectives of the Bush Administration?

Answer. As Governor Clinton has noted, a successful completion of the Uruguay Round has the potential to boost U.S. exports by eliminating foreign barriers to U.S. goods and services. The completion of these multilateral trade negotiations should continue to be a top trade policy priority. Governor Clinton believes, however, that negotiating a good deal is more important than meeting some artificial deadline. These negotiations will establish the rules of the international trading system into the 21st century, and it is important that we do it right.

Although the Uruguay Round is important to the U.S. agriculture and service sectors, I believe that it must, on balance, advance the interests of the U.S. manufacturing sector. A strong manufacturing base is important (1) because manufacturing firms conduct roughly 95 percent of all private sector R&D; (2) manufacturing jobs pay more, on average, than jobs in the service sector; (3) the manufacturing sector has been the engine of U.S. productivity in recent years; and (4) manufactured goods account for the overwhelming majority of America's exports.

Question 13. The Japanese have a fundamentally different type of capital structure characterized by large vertically integrated conglomerates with cross-shareholding arrangements, usually tied to a major bank. This system allows Japanese companies to pursue market share and tolerate lower rates of return. In addition the Japanese system is also characterized by tight distribution networks which serve as a means to keep the Japanese market closed. This system, known as keiretsu, has enabled Japanese companies to dump products in the U.S. and absorb the loss by making profits from charging higher prices in the closed home market. Instead of engaging in these endless negotiations like the Structural Impediments Initiative, isn't it time we acknowledge that the United States has different systems and, where appropriate, use the trade laws to protect our interest? Shouldn't we use Section 301 as leverage to open the market in order to compensate for the dislocations caused by these two competing systems?

Answer. It is undeniable that the different structural features found in the Japanese economy have contributed to the trade imbalance between our two nations. Certain features of Japan's economy, such as the existence of keiretsu, close relationships between manufacturers and their distributors, weak enforcement of anti-trust laws, and a lack of transparency in the relationship between Japanese government and industry, have all combined made the Japanese market exceptionally difficult to penetrate.

As a result:

- Japan's imports of manufactured goods as a percentage of GDP are very low by international standards.
- Japan engages in very little of what economists call "intra-industry trade." For example, while other OECD countries import and export high-tech goods in roughly equal amounts, Japan exports five times as much as it imports.

• According to joint Department of Commerce-MITI surveys, prices in the Japanese market are, on average, 40 percent higher than prices in the United States. Eliminating these structural barriers, as well as barriers in specific sectors, is one of the most challenging tasks of U.S. trade policy. The Congress passed the Section 301 authorities because it felt that the United States needed to act aggressively to open foreign markets. To renounce the use of this authority when circumstances demand it would send a signal to our trading partners that we no longer felt that this was necessary. Although negotiations must extend beyond credible 301-based actions, a clear commitment to section 301 will increase the likelihood that all negotiations will yield greater results than in a decade.

The Advisory Committee on Trade Policy and Negotiations concluded that the United States must adopt a more "results-oriented" policy towards Japan—not to manage trade flows, but to more effectively break down Japan's structural barriers. Working with the U.S. Trade Representative, I will fight for policies that will most effectively promote U.S. exports.

TEXTILES

Question 14. As you may know, almost 25 percent of our trade deficit is in textiles and apparel. Over the last year, imports have increased to record levels. As Secretary of Commerce, you will be in charge of the Office of Textiles and Apparel, which is responsible for enforcing our bilateral textile agreements. In the past, DOC has not vigorously enforced our rights under those agreements. In addition, DOC has granted (for foreign policy reasons) generous quota uplifts to various countries. Will you be aggressive in asserting our rights under these agreements, and will you pledge to put the interests of American business and American workers first?

Answer. Yes.

Question 15. Currently, China is allowed to ship \$4.5 billion worth of textiles and apparel. The Customs Service estimates that China illegally ships 2 billion worth of textiles and separate indictments charging Chinese government officials with engaging in a criminal conspiracy to defraud the U.S. government by engaging in massive quota fraud. Despite the mounting evidence of billions of dollars worth of widescale fraud, the Bush Administration only charged the Chinese for \$200 million worth of fraud. Will you be more aggressive in shutting down this criminal enterprise and, given that the Chinese have wilfully violated our bilateral textile agreement, will you consider renegotiating this agreement?

Answer. I intend to see that U.S. trade laws and agreements are fully enforced, including our bilateral agreement in textiles and apparel with China. If confirmed, I will work with the Customs Department to take whatever steps necessary to bring China into compliance.

TECHNOLOGY AND MANUFACTURING

Question 16. In a September 1992 technology policy statement, President-elect Clinton called for the establishment of a strong Federal research and development program to support industry and promote economic growth. While a number of Federal mission agencies can do more to help business, a key question is which agency should have, as its principal mission, the responsibility to work with industry to develop critical civilian technologies. What is your view on this question?

Answer. I do believe that the Department of Commerce, particularly the National Institute of Standards and Technology (NIST), has an key role to play in helping industry develop critical civilian technologies. This is true for a number of reasons:

- The mission of NIST is to "assist industry in the development of technology * * * needed to improve product quality, to modernize manufacturing processes, to ensure product reliability * * * and to facilitate rapid commercialization * * * of products based on new scientific discoveries."

- Working closely with industry is deeply ingrained in NIST's culture, since NIST has been doing so since its creation as the National Bureau of Standards in 1901.

- NIST is already conducts basic and applied research in areas such as electronics and electrical engineering, advanced manufacturing, materials science, and computing. It also manages the Advanced Technology Program and a network of Manufacturing Technology Centers.

The exact formulation of responsibilities is, however, a question best answered after the Clinton Administration has the opportunity to determine the most appropriate division of labor between different agencies on technology policy.

Question 17. Do you personally believe that the Advanced Technology Program (ATP) takes the right approach in supporting industrial technology? For example, do you agree with its focus on supporting industry-led and cost-shared projects de-

signed to overcome the technical obstacles which slow the commercialization of new inventions?

Answer. The Advanced Technology Program's focus on supporting industry-led projects on a cost-shared basis is sound public policy. This approach, which has been endorsed by groups such as the National Academy of Science and the private-sector Council on Competitiveness, has several advantages:

- It leverages scarce federal R&D dollars by requiring a match from the private sector.
- It imposes a market discipline on the program. Firms that are required to contribute at least 50 percent of the funds will only propose initiatives that they believe are commercially relevant.
- It relies on a merit-based peer review.
- By relying on private-sector initiative, it eliminates the need for government officials to "pick winners and losers".

The Advanced Technology Program has other attractive features as well. For example, it requires participants to describe the benefits to the U.S. technology and knowledge base that would result from a given project, and to describe their plan for commercializing the technology.

Question 18. The Clinton-Gore manufacturing policy statement calls for the establishment, over several years, of approximately 170 manufacturing extension centers based on the existing DOC Manufacturing Technology Centers (MTC) Program. How does the new Administration propose to carry out this commitment? For example, what do you think of the idea of creating 30-40 MTCs and coupling them with several dozen existing and new state centers to form an integrated national network and partnership of extension programs?

Answer. I believe that design of the Administration's manufacturing extension program will require close consultation with industry, labor, state and local economic development officials, other relevant federal agencies, and members of this Committee.

Some experts in the field of manufacturing extension believe that a successful program will require the following elements:

1. An expanded network of Manufacturing Technology Centers ("Hollings Centers") with a broad range of technology transfer and management assistance resources at their disposal;
2. An even larger network of Manufacturing Outreach Centers, which would provide site assessments to small, geographically dispersed manufacturers;
3. Matching grants to help states initiate or strengthen their manufacturing extension activities; and
4. Leadership to link the activities of related, but separate federal, state, and local programs (e.g. loans for small businesses, customized job training, and technology transfer from federal laboratories.)

I believe this model deserves serious consideration.

Question 19. In 1992, both Houses of Congress passed versions of S. 1330, a Commerce Committee bill to upgrade DOC's manufacturing and technology programs. Unfortunately, a final version of the bill was not considered before the end of the 1992 session. If confirmed, would you be willing to work with Congress to write and enact a revised version of that legislation?

Answer. The Clinton-Gore Administration is committed to investing in programs to diffuse manufacturing technology to small and medium-sized firms, and to pushing the state-of-the-art in advanced manufacturing technologies such as flexible, computer-integrated manufacturing, enterprise integration, and concurrent engineering. Towards that end, I look forward to working with this Committee and other members of Congress to enact legislation, such as the Manufacturing Strategy Act (S. 1330) that will enable the United States to strengthen its industrial and technological leadership.

Question 20. In recent years, interpretations of ethics and advisory committee laws have made it increasingly hard for American industry leaders to provide confidential advice to, and share sensitive business information with, DOC officials. While the new Administration must and will adhere to high standards regarding ethics and government openness, do you see any ways in which to facilitate closer industry-government communication?

Answer. The Clinton-Gore statement on technology policy notes that a number of laws and regulations have acted as obstacles to closer cooperation between business and government. These laws include the Freedom of Information Act, the Federal Advisory Committee Act, and conflict-of-interest regulations. Although these laws are necessary and appropriate, we must examine them to ensure that they do not prevent a productive dialogue between government and industry. This is particu-

larly true in areas such as technology, where extensive industry input is necessary for effective policymaking.

The U.S. Government does have an extensive mechanism in place for collecting private sector views on trade policy. Hundreds of business executives, labor leaders, and representatives of consumer and environmental organizations participate in a series of trade policy advisory committees. This may be an appropriate model for use in other areas of public policy.

Question 21. At the moment, DOC's Technology Administration has only limited capability to collect information on foreign technologies and foreign technology policies. Do you think it is important for DOC to provide both government and American business with improved information on foreign technology?

Answer. This is an important mission for the Department of Commerce. The United States can no longer afford the "not invented here" syndrome. Increasingly, many important technical breakthroughs will be made in foreign countries. Furthermore, our competitors are using technology policy to create competitive advantage in critical technologies such as Mach 5 jet engines, micro-machines, and optoelectronics.

Currently, Department of Commerce programs in this area, such as the Japanese Technical Literature Program, have limited resources. Although budgetary resources are limited, I hope that we can build on these programs in the years to come. The United States must have the ability to "benchmark" its activities in technology development as compared to our major competitors. I also believe that the Commerce Department should work with other agencies to improve the dissemination of information on foreign science and technology which is already being collected. The federal government collects a great deal of information on foreign science and technology which is not readily available to the private sector.

Question 22. Few issues are as controversial as foreign acquisitions of American companies, particularly when the target firms contain valuable technology (sometimes developed in part with U.S. taxpayer support) or when the purchaser has special support from its home government. Hearings before the Commerce Committee have shown that little systematic information is collected on long-term trends in foreign acquisitions or on the implications of those trends for U.S. security. If confirmed, what role would you and DOC play in monitoring these acquisitions and in participating in interagency activities under the Exon-Florio amendment?

Answer. Just as the United States seeks the right to invest in foreign markets, the United States also has an interest in welcoming foreign investment in the United States. Foreign investment can help create jobs. However, the United States must be aware of the consequences of investments in strategic sectors. Although the United States' foreign investment regime is far more liberal than those of our major trading partners, the President does have the authority, under the Exon-Florio amendment, to block foreign investments which could threaten U.S. national security.

The Department of Commerce can help improve the decision-making process by providing accurate and timely information on the market share and long-term competitiveness of the U.S. in a given sector. This would enhance the ability of the Committee on Foreign Investment in the United States (CFIUS) to weigh the cumulative effects of foreign investment in a given sector, as opposed to analyzing each transaction in isolation.

Question 23. In the fiscal year (FY) 1993 appropriations bill for the Department of Defense (DOD), Congress provided \$97 million for a new dual-use manufacturing extension program. Congress intended that DOD work closely with DOC and other agencies to implement this program, and further intended that most of these funds be transferred to civilian agencies to help defense industries and workers adjust to cutbacks. If confirmed, what actions would you take to carry out this new program?

Answer. I intend to establish a close working relationship between the Department of Commerce and the Department of Defense to ensure effective implementation of the manufacturing extension provisions of the FY93 defense appropriations bill. As a result of managing the Manufacturing Technology Center program, and conducting applied research in manufacturing (e.g. NIST's Automated Manufacturing Research Facility and "Shop of the 90s")—the Department of Commerce has developed the expertise to run an effective manufacturing extension program. The Defense Department, on the other hand, is in a good position to determine (1) which regions of the country are most likely to be impacted by defense cuts; and (2) how manufacturing extension programs can be designed to meet both defense and civilian needs. I want to establish a close partnership between DOD and DOC so that we can move forward with this and other defense conversion initiatives.

Question 24. The Department of Energy (DOE) owns several large laboratories which historically have developed nuclear weapons or carried out specialized work

in energy and physics. These labs now appear interested in doing more in the area of general industrial technology. What do you believe is a reasonable division of responsibility between the DOE labs and DOC technology programs? How can the two departments best work together? What lessons do you think DOC can offer DOE in terms of how best to work with commercial industry?

Answer. It would be premature to comment on the roles and responsibilities that different federal agencies will have in carrying out the Clinton-Gore technology policy. These decisions will require a careful assessment of the strengths and capabilities of these agencies. In any event, there are a number of ways in which the Department of Commerce and the Department of Energy can work together to promote U.S. competitiveness, including:

- Developing government-wide policies to accelerate technology transfer (e.g. intellectual property rights, Cooperative Research and Development Agreements, and technical data rights);
- Transferring technology developed in DOE labs through a Commerce Department network of manufacturing extension centers;
- Coordinating federal R&D through the Federal Coordinating Council on Science, Engineering, and Technology in technologies such as advanced materials and high-performance computing; and
- Participation of the DOE labs in consortia funded by the Advanced Technology Program.

I think that much of the Department of Commerce's success in working with industry is attributable to (1) a clear mission to do so; (2) programs that are designed to enhance industrial competitiveness; and (3) an extensive system for receiving private sector input and evaluation concerning its technology programs.

TELECOMMUNICATIONS POLICY

Question 25. If confirmed as Secretary of Commerce, what will you do to promote the development of the Nation's communications infrastructure?

Answer. Accelerating the development of a national information infrastructure is one of the top priorities of the Clinton-Gore Administration. This infrastructure has the potential to increase U.S. productivity and boost demand for new products and services. Advancements in telecommunications technologies will result in improved educational opportunities through distance learning, increased quality of life for persons with disabilities, better health care, and make available vast libraries of information for all Americans.

One of my highest priorities will be to ensure the development of a modern and flexible communications and information infrastructure that will maintain our nation's preeminence in telecommunications technologies. Telecommunications and information technologies are advancing and improving rapidly. Unfortunately, government policies have not kept pace over the past twelve years. Far too often telecommunications policy decisions by federal agencies have been disjointed and uncoordinated. Immediately upon confirmation I will work to improve coordination of activities among the government agencies that share jurisdiction for telecommunications policies.

Specifically, as Secretary of Commerce, I will work with the Federal Communications Commission and other agencies to develop technical standards and telecommunications policies designed to promote the rapid development of a national telecommunications and information infrastructure. Such policies and standards will be designed to ensure or facilitate the interconnection of the various network components that will comprise the communications and information infrastructure. Aggressively moving to develop interconnection standards will lead to a more competitive and dynamic telecommunications industry and fuller use of the developing infrastructure.

One of the key goals in the development of the communications infrastructure must be the preservation of our nation's historic commitment to universal service and the guarantee of fair and nondiscriminatory access to the developing national network. I also would take steps immediately upon confirmation to identify unused or underused government spectrum that could be allocated to spur the development of radio-based telecommunications products and services.

Question 26. Over the past several years, the U.S. trade deficit in telecommunications equipment and services has contributed to the overall trade deficit. What will you do as Secretary of Commerce to improve the U.S. trade position in telecommunications equipment and services?

Answer. The current trade deficit in telecommunications equipment and services is of serious concern and will be a principal area of focus for the Department of Commerce. Most economists and trade analysts concur that telecommunications and

other high technology industries are not only increasingly important areas of trade among industrialized nations, but also are increasingly important domestically as providers of jobs, critical skills and technology development. To help remedy the existing balance of trade deficit, I will insist on market access for telecommunications equipment and services in any GATT agreement.

Question 27. Telecommunications has emerged as a vital part of the U.S. economy. Advances in technology have spurred the use of telecommunications in improving education and health, particularly in rural areas. What priority will you place on continuing such developments in the DOC's telecommunications policy?

Answer. The Department of Commerce will place a high priority on continued development of telecommunications and information technologies and particularly the extension of telecommunications technologies to rural areas and other underserved sections of our nation. Continued improvements in delivery of telecommunications services through increased utilization of satellite and broadband technologies will result in advances in education through "distance learning" programs, improvements in health care through delivery of medical services over the telecommunications network, and enhanced provision of library services and similar services to remote areas.

The Department of Commerce will assist in the development of these uses for telecommunications technologies by promoting the development of a telecommunications and information infrastructure serving all Americans and by working with the Congress and other federal agencies to develop applications of telecommunications technologies in rural and other underserved areas.

I believe it imperative that residents of Spartanburg, South Carolina and Springfield, Missouri have the same access as residents of Boston or Los Angeles to information, education and other services that will be provided over the telecommunications infrastructure and by evolving telecommunications technologies.

Question 28. The National Telecommunications and Information Administration (NTIA), within DOC, is the President's principal advisor on communications issues. How important do you perceive NTIA's role to be within the Executive Branch?

Answer. Over the next several years, the National Telecommunications and Information Administration will play an increasingly important role in the executive branch. NTIA will continue in its present role as principal advisor to the President on telecommunications policy and will be actively involved in the development of standards and finding available spectrum for new telecommunications technologies, such as high definition or digital television, digital audio broadcasting or other digital radio services, personal communications services and wireless computer networks.

NTIA also will have a prominent role on behalf of the Administration in the development of the communications and information infrastructure. In addition, as we enter what many analysts call the "Information Age", and as telecommunications technologies become increasingly important to our balance of trade, NTIA will be actively engaged in developing and setting forth plans, policies and programs designed to maintain or increase U.S. competitiveness in international telecommunications markets.

PRODUCT LIABILITY

Question 29. As you may know, over the past decade, legislation has been introduced to establish a federal product liability legal system. I have consistently opposed this legislation for several reasons, including the total lack of data and factual support for such reforms, and because this is a body of law that has been traditionally left to the states. As you may know, over 44 states have already instituted reforms in their tort systems, and have designed such changes to the particular needs of their states. A. What is your view of this matter? B. Do you agree that the adoption of such major reforms should only be based on sound data and factual information indicating the necessity for such reforms and the specific changes that are necessary?

Answer. A. It would be premature for me to take a position on this issue until I have studied the evidence carefully, and had the opportunity to discuss it with the President-elect. I believe that any reform, particularly at the federal level, must proceed only on the basis of clear goals and sound analysis.

B. Again, it would be premature for me to take a position on this issue until I have studied the evidence carefully. I agree that the adoption of these reforms should be based on data indicating both the necessity of such reforms.

Question 30. There have been a number of studies conducted in recent years showing that product liability is not a major factor in the competitiveness of American businesses. Last year, the GAO released a study indicating that it could find

"no acceptable methodology for relating product liability to competitiveness," and that businesses refuse to release the information needed to conduct such an analysis. To the extent that DOC is involved in this issue, do you intend to ensure that DOC conducts research and obtains the appropriate data to ensure that decisions regarding this issue can be made on a factual basis?

Answer. I think there is a need for the DOC to be involved in researching the connection between our product liability laws and U.S. competitiveness in international trade.

One role of DOC is to ensure that U.S. businesses are able to freely compete with foreign corporations without being unreasonably hamstrung by unnecessary government regulations. As there is apparently some conflict between the findings of studies of organizations such as the U.S. Chamber of Commerce and the General Accounting Office on the relation between product liability costs and our international competitiveness, the DOC could sponsor further research to address this question.

OCEANS AND ATMOSPHERE

Question 31. As you know, the National Oceanic and Atmospheric Administration (NOAA) represents more than fifty percent of the DOC budget and well over one-third of its personnel. Yet, in the past atmospheric and oceanic issues have received insufficient attention within DOC. What do you see as NOAA's role in DOC, and what steps will you take to ensure that NOAA's importance within DOC is recognized?

Answer. I am committed to ensuring that NOAA's critical missions receive the attention they deserve. The fact is that NOAA's responsibilities over the oceans and atmosphere are intimately related to the central challenge of the Commerce Department—strengthening the U.S. economy. Our efforts to promote international cooperation, trade, commerce and conservation depend on sound science, fisheries management and the unique long-term environmental perspective charged to NOAA scientists and managers.

Most of the U.S. population lives within or near the nation's coastal zone. Working with this committee, I look forward to the challenge of strengthening NOAA's special mission to ensure that these resources are managed, used and conserved wisely.

NOAA's role can be strengthened. For example, I support efforts to modernize the NOAA fleet; doing so will not only help strengthen our scientific capability, but also provide jobs in U.S. ship-building ports. Also, as President Clinton and Vice President Gore have made clear to the nation, sustainable economic growth and environmental progress are indeed compatible and complementary. I intend for NOAA to continue its quiet, but pioneering efforts to make that important goal a reality.

Question 32. The ongoing modernization of the National Weather Service is the most complete overhaul of the agency in its 100-year history. DOC cost-benefit analysis estimates that the \$4 billion investment in new weather radars, satellites, and other equipment has potential net benefits to the Nation of over \$44 billion. On the other hand, the modernization program has experienced major delays due to budget shortfalls and developmental problems. How do you plan to deal with the challenges and opportunities offered by weather service modernization?

Answer. I don't think the importance of National Weather Service activities can be understated. One only need recall the terrible tragedies of Hurricanes Andrew, Hugo, and Iniki. While the devastation of Andrew, Hugo and Iniki will haunt many of our coastal communities for years to come, the fact is that the success of our hurricane early warning programs saved untold lives.

I share the Committee's concern about delays in the modernization program. One of the immediate challenges is to finalize new agreements with the Europeans to ensure that effective satellite coverage continues through the procurement and roll-out of the modernization. These agreements will give us a bit of breathing space to sort through the budget issues and developmental delays that have slowed the modernization effort. Of course, the biggest problem we inherit is dealing with the cost overruns that have developed. In this time of government-wide budget shortfalls, it is my intent to take a close look at the procurement process to find ways to strengthen it.

Question 33. Under Public Law 102-567, weather offices may not be closed, consolidated, automated, or relocated unless the Secretary of Commerce certifies that there will be no degradation of service. The statute also stipulates that no station would be slated for closure before 1996. Concerns remain, however, regarding proposed relocations and service reductions at offices for which there has been no certification. Will you take steps to maintain existing stations and services until the modernization has been fully implemented and certifications can be made?

Answer. The Congress has made clear its intent to keep current weather service stations and offices operational until 1996. If this issue is not settled, it is my firm intent to work with the Congress to meet these important legislative mandates and prevent local service disruptions as we sort through the budget constraints put on NOAA by the 1993 Authorization Act. I am very sensitive to the special and important role played by local weather stations, and the need to make sure that the certification process proceeds smoothly.

Question 34. During the campaign, President-elect Clinton focused on the need for rebuilding America's ailing infrastructure. Among the major infrastructure repairs and improvements needed within NOAA are NOAA's aging oceanographic fleet, research laboratories, and data centers. As Secretary of Commerce, what priority would you place on improving NOAA's infrastructure?

Answer. My initial briefings on NOAA operations have sharply highlighted this very important issue. While we have not begun the process of shaping the agency's FY 94 budget, it is my judgment that it would be a mistake for NOAA's modernization efforts to stop with the weather service. Clearly, NOAA's ocean-going fleet and research support infrastructure as well as its laboratories and the Sea Grant Program, are a critical component in U.S. international scientific leadership.

Question 35. There are many significant environmental issues facing the Nation. Given NOAA's environmental mission, the agency should play a key role in Federal programs to understand and assess these potentially huge problems. What steps will you take to ensure that NOAA has the resources and leadership needed to carry out its part of the Federal environmental research effort?

Answer. I am confident that NOAA, working closely with its sister environmental agencies, will have the resources necessary to make sure that this nation's long-term environmental challenges are met. I feel especially lucky to undertake the helm of the Commerce Department at a new crossroads—to help implement President Clinton and Vice President Gore's new vision of economic and environmental leadership that rejects the false trade-offs between economic growth and environmental progress.

It is my hope that NOAA's unique long-term research mission will help the Clinton-Gore environmental team guide our resource decisions and policies for the next century. NOAA's long-term environmental research will be a critical component to solving emerging environmental challenges—from rising seas due to global warming to unanticipated threats to our ocean resources and productive estuaries.

QUESTIONS ASKED BY SENATOR INOUE AND ANSWERS THERETO BY MR. BROWN

Question 1. The PEACESAT Program is critical to enhancing goodwill and strong relations between the United States and the Pacific Basin. The PEACESAT program provides essential cultural, medical, and educational exchange programs via a communications satellite connecting Hawaii, the Pacific Islands, and East Asia. The PEACESAT program, however, may lose the right to use its current satellite after 1994. Will you, as Secretary of Commerce, ensure that PEACESAT finds a suitable long-term means of continuing its essential services?

Answer. It is my understanding that the previous Administration has supported a phase-out of this program. I share your views about the importance of strengthening educational, economic and cultural communications in Hawaii, the Pacific Islands and East Asia. If confirmed, I intend to reevaluate past Administration policies towards PEACESAT and make every effort to work with the Committee to ensure that the goal of the PEACESAT program—to ensure essential high-tech communications in this important region—are met.

Question 2. The Department of Commerce has the responsibility of administering the National Endowment for Children's Educational Television. This program is intended to provide seed money for the development of educational children's television programming. As Secretary of Commerce, how actively will you support this program?

Answer. I intend to be an active supporter of the National Endowment for Children's Educational Television. As you know, the previous Administration has supported an end to this program, which provides a small amount of seed money (around \$2 million) to develop quality children's programming. While all federal departments will be challenged in the next fiscal year to reduce federal spending, I believe the success of this small investment in children's education merits our support and if confirmed, I will raise this issue forcefully during the upcoming budget development process. As you know, this Administration is committed to building a brighter future for America's next generation of leaders, our children, and I believe that quality television programming must play a part in these efforts.

The CHAIRMAN. Thank you very much, Mr. Brown. What I am going to do is yield to our distinguished ranking member, and then in the order of appearance, Senators Breaux, Pressler, Packwood, Ford, Exon, Lott, Rockefeller, Bryan, Robb, Gorton, Burns, and Stevens.

With the fine attendance we have this morning at a 5-minute limitation, it will be over an hour just for the committee to get in the first two or three questions. So, start the clock on me.

Mr. Brown, I have had the opportunity, as you and I well know, to cross examine you relative to the law firm of Patton, Boggs' representation and affiliation, if any, in connection with BCCI, Haiti, the D.C. bond contract, and the D.C. pension fund management contract. Any one of these cases could be gone into very thoroughly, well over a 5-minute period. I just want to publicly state that I have gone into those very thoroughly, have not taken them casually, and I am satisfied that you acted properly.

People raise the question about a chairman of a party also having a law practice. You could go down the list from Chairman Manatt of our Democratic Party, who was also chairman of the Manatt Phelps law firm; Paul Kirk, who was with Sullivan & Worcester; Clayton Yuetter, who served on various corporate boards; and Frank Fahrenkopf of Hogan and Hartson.

So, there is a custom. And in my mind, that is not to be questioned by the committee unless it makes for a bad record in the sense that somebody would say you represented a distasteful client. Let the record show that before I got to the Senate I used to represent murderers. But I have sustained and just been reelected for the sixth time. But, of course, I have not been representing any murderers during that 27 years. [Laughter.]

My concern is your role as Secretary of Commerce leading us in an economic recovery. Our continuance as a superpower depends on our foreign policy which stands on a three-legged stool. The one leg is the value system we have as a Nation. And that is very strong. We are out there feeding the hungry now in Somalia. The other leg is our military power, and the third leg is our economic strength. If any of them give, that stool topples, and we are about to have that economic leg give and topple if we do not get to work.

I would look upon the Secretary of Commerce as one to coordinate that effort for competitive trade. We live in the real world. To have world peace, we must have a strong defense. Similarly, to have free trade, we must have a competitive domestic trade policy.

I want to be bashing you for the next several years, and those in the new administration if you fail to enforce our dumping laws. I have complained about past failures of the Secretary of Commerce to interpret the domestic price in a dumping case the same as they do in all the other European and Pacific Rim Nations.

We add on the sales, the promotional costs the profits, and everything else—the administrative costs to the U.S. price—to increase it. That has given over the years some 15- to 20-percent advantage to our trade competition. The courts have said the Secretary of Commerce has the discretion to interpret the statute as he wishes. I will be going into that constantly with you until we can get that changed.

In Europe, a dumping case does not take more than 9 months. We take 18 months and more. And that just starts the appeals process. Then the Washington lawyers come up, they go through millions of dollars, and take 2 to 3 years. The industrial entity says look, I would rather just go on to Mexico or go on to Europe rather than pay Washington lawyers and go through the rigmarole and not have any success.

We need the enforcement of our dumping laws. We do not need any new dumping laws, just the proper enforcement of existing laws. Similarly, we need enforcement with respect to circumvention. Ten years ago, Customs told us in the field of textiles there was about \$5 billion in import fraud. This is on top of our trade deficit in textiles, which is about \$25 billion overall. We tried to give the administration extra Customs agents. They would not take on those agents. Now, just at the closing hours of this administration, they finally get a 52-count indictment for circumvention from the People's Republic of China.

That is good, and I commend Carol Hallet, the Commissioner of Customs, right this minute, but I want to see these efforts continued. I want to see the correlation. It is a many splendored thing, this trade administration. It is with the Secretary of Treasury, it is within the U.S. Trade Representative, our ambassador for trade. It is within the State Department, the Defense Department, and USOA.

We have to have a correlation. And I see President-elect Clinton coming along now with his National Security Council and I am encouraged. I want you to take a key part and a leading role there to make sure that it is correlated and that we protect the interest of the United States in a commonsense way.

I have just come from a seminar where several were deploring the riots in downtown Los Angeles. How could a country as rich and as powerful as the United States of America allow this to occur? Because of the lack of a competitive trade policy. Ask those California lawyers how many industries they have moved out of downtown Los Angeles 200 miles down the road, across the border into Mexico.

Why, if I am running the industry, should I pay a worker in downtown Los Angeles \$7 an hour, with responsibility for health, pension benefits, and everything else, when I can send the jobs down to Mexico for a dollar an hour? That is why we have the downtown Los Angeleses, the Newarks, and the Chicagos. It all begins right here in Washington, right here with trade policy, right here with the Secretary of Commerce.

My time is up. Let me yield to Senator Danforth.

Senator FORD. Thank you for answering your questions, Ron.

Mr. BROWN. I might try to comment. If I could just say, Senator Hollings, I not only intend to coordinate, I intend to lead. I am known, I think, as a conciliator and a negotiator. But those who know me also know I can be tough and aggressive. I think that free trade is the kind of goal we ought to have. But we also have to have fair trade. We have to enforce our trade laws, and I intend to be vehement in the enforcement of those trade laws.

The CHAIRMAN. Thank you. Senator Danforth.

OPENING STATEMENT OF SENATOR DANFORTH

Senator DANFORTH. Mr. Chairman, I am sure that members are going to have more than 5 minutes each worth of questions so there will be several rounds.

The CHAIRMAN. There will be several rounds. We will stay here until everyone is satisfied.

Senator DANFORTH. Thank you.

Mr. Brown, welcome to the committee and congratulations on your nomination. I was asked yesterday by a Republican Senator who said to me that he was frankly concerned that a political party chairman had been nominated for a Cabinet position. And he said well, is this not unprecedented? I know it is not unprecedented. I remember Bob Strauss, who was a party chairman, I think, who served with distinction as the U.S. Trade Representative. And the same goes for Bill Brock, who then became Secretary of Labor. And I guess my answer is that after this election I am not at all concerned that you are moving on to other work. [Laughter.]

Mr. BROWN. Senator Danforth, we might add that George Bush also served as chairman of his party.

Senator DANFORTH. That is true.

I want to ask you about one comment that you made that I thought was very good, but I want to press you on it. You said that you intend to be an advocate for American business, an advocate for the commercial interests of our country. And I want to press you on the extent to which you mean that.

Many business people in this country, even under a Republican administration which a lot of people thought was pretty much probusiness, many business people think that Government is not the friend, Government is the enemy, that Government is something that is more threatening than helpful. Even though we in Washington sometimes think that we are here to help you, people in the business world do not view it that way.

They are concerned about regulation, they are concerned about taxation, and they are particularly concerned that when the balancing act is done among the various competing interests within our country the commercial interests will not be heavily weighted in that balancing scheme.

You have, as the chairman of your party, been a person who has been very accomplished in bringing together various elements of the constituency of your party. Some of those elements would not necessarily be viewed by business people as being probusiness, organized labor, environmentalists, and so forth.

My question to you is as Secretary of Commerce, do you really view yourself as an advocate for business, even where business interests are not necessarily the same as the interests of other sectors. Will you, within the Cabinet and within the administration, be willing to go to bat for business in matters relating to, say, labor-management concerns or environmental concerns, even where there are other members of the Cabinet advocating the other side of the issue?

Mr. BROWN. Well, Senator Danforth, I am glad that you did press me on that statement. It was a statement that I made and a statement that I mean and am committed to.

One thing I think I have demonstrated throughout my professional life is that I am a good advocate. I intend to use those advocacy skills in behalf of American business and industry.

The other thing is being able to bring divergent groups together. I think we have to change the relationship that you described. I think Government has to be seen as an ally of business. If, in fact, our goal is to develop good jobs for our people, those jobs are going to only be developed in the private sector. That means we have to have economic growth and expansion.

We have to have a new partnership between Government and business and labor. And I think that is one of the unique qualities I can bring to the Department of Commerce, serving not only as a strong advocate for American business but also serving as a bridge to some of the other groups in our society that might have different views.

But I understand what my role is as an advocate in the Clinton administration, and that is the role of advocate for American business and industry.

Senator DANFORTH. You also understand there are competing factors that have to be balanced in any administration. I will give you one example: The Export Administration Act is a responsibility of the Commerce Department. The Export Administration Act and how it is enforced is usually a battle between the commercial interests and the concerns of the Department of Defense and the concerns of the State Department.

Usually in the past, regardless of the administration, Commerce Department gets rolled. And usually, there is some degree of press attention. I mean, who wants to be and advocate, for example, for selling chemical plants to Iran? That is a current issue. And yet, if the Commerce Department is advocating the commercial interests of the country, it is going to have to do just that. It is going to have to say look, we recognize that there are competing concerns here, but we, as advocates, you really as a lawyer for a client, are going to be taking a position which is inconsistent with other people in the Cabinet. You are prepared to do that?

Mr. BROWN. I am, Senator. I must say, though, I did not mean to indicate my commitment to advocate a certain sale at this point in time. And I will say I think proliferation is a real problem, both in the chemical and biological area, in the arms area, and we ought to look closely at those and make balanced judgment. That does not change my commitment to being an advocate for America and industry and understanding that role.

Senator DANFORTH. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, very much. Senator Breaux.

OPENING STATEMENT OF SENATOR BREAUX

Senator BREAUX. Thank you, very much, Mr. Chairman. I want to join you and others in welcoming our Secretary-designate. I strongly support his confirmation. While we have not always agreed on everything, when we have disagreed, we disagreed as friends. And we certainly agreed more than we disagreed.

I happen to think that he is the right person for the right job at the right time. There is a little history in that. But I think that

the President-elect has made a great choice and I look forward to working with him in the future.

Let me mention a couple of items that some have raised, Ron, in the press to indicate why they feel your confirmation perhaps maybe is not a good idea and ask you to comment on them.

Chemfix Technologies is a Louisiana company, and there have been some statements that I saw in the press that some have raised to say that somehow maybe something was not done according to the proper rules or procedures, and bids before the city of New York.

Can you explain that for the committee?

Mr. BROWN. I certainly can, Senator Breaux, and I appreciate you raising the question because it has been misreported so many times that I am glad to have the opportunity to discuss it with you and members of the committee.

I joined the board of Chemfix Technologies, which is a Louisiana-based company in 1982. It is a sludge treatment company, which turns sludge into a clay-like substance which can be used for agricultural and other purposes. I served on that board until the beginning of this year.

There have never been any charges. There has been innuendo that somehow I was involved in Chemfix's effort to get a contract in the city of New York. That is totally false. I have never had any contact with officials of the city of New York, the mayor or anybody else, in support of that endeavor.

The innuendo has been that somehow the decision to take the Democratic National Convention to New York in 1992 was related to the fact that Chemfix was trying to or was bidding on a contract in New York. Nothing could be more ridiculous.

The irony of it is that when I was elected chairman of the Democratic National Committee, being a New Yorker, being close to Charlie Rangel and other New Yorkers, being close to the mayor of New York, having been taught in law school by Mario Cuomo, the assumption was the Democratic National Convention was going to go to New York. It had been in New York three out of the last five times.

The last time was in New York before 1992. The last time we nominated someone who was elected President was in 1976 in Madison Square Garden when Jimmy Carter was nominated. I think there would have been great surprise if the convention had not been in New York.

The irony of it is that after everybody assumed that was where we were going—when I announced the decision to go there—somehow, somebody was looking for some ulterior motive. There was no ulterior motive. There was no connection between the two. I was not involved in any way, shape, or form with the efforts of Chemfix to get a New York contract.

It has also been reported that they got the contract. They never got the contract. That furthers the irony of the situation. So, I feel very comfortable that I had no role in it. I really think those questions have been fully answered.

Senator BREAU. I kind of wish they had gotten the contract.
[Laughter.]

What about the fact that your law firm, and apparently you represented a number of Japanese electronic companies. I guess the Post this morning has, I guess, not the statement that it would be a conflict, but I guess the concern that some have raised that that somehow would prevent you as Secretary of Commerce from representing American electronic industries, how do you plan to handle that as Secretary?

Mr. BROWN. If I could, before I get to that question, I'd like to add something to my last response. Not only is what I just said entirely accurate, there is another factor, and that is, there was a site selection committee of 50 members, of which I was not one, who recommended New York to me as the site for the convention. I then made that recommendation to the Democratic National Committee, and that recommendation was approved unanimously.

On the question of representing American subsidiaries of Japanese electronics companies, yes, I did represent them. They were some of my earliest clients. There is absolutely no conflict there. I am going to resign from the law firm effective January 20; have no financial interest in the law firm after that; have no financial interest in the clients, so there is no question of conflict.

I know that issue has been raised, and frankly I do not really understand it. I believe that the fact that I have had considerable contact with American subsidiaries of Japanese corporations is going to make me a much stronger and more effective Secretary of Commerce.

Those of us who are lawyers know that some of the best lawyers in the criminal defense bar come from the offices of prosecutors. They have been either U.S. attorneys or they have been district attorneys. They have been prosecutors and they have learned it from the other side.

So, I frankly am proud of that representation. I think it is going to stand me in good stead, should I be confirmed by this committee and the Senate as Secretary of Commerce.

Senator BREAUX. Let me ask, maybe, one other point. Did you lobby for Jean Claude Duvalier, the dictator of Haiti?

Mr. BROWN. I did represent the Government of Haiti, and I am also proud of that representation, just as Congressman Rangel indicated. I worked closely with Members of Congress. I worked closely with the State Department. I worked closely with U.S. Ambassadors to Haiti.

We have to understand that Haiti had good diplomatic relationships with the United States at that time. It was a poor, black country in the Caribbean. I wanted to do all I could to improve the lives of the people.

I indicated clearly to the government at that time, and there is a clear record of that, that the only way that they could improve their relationship and improve the resources received from the United States and become accredited to participate in the Caribbean Basin initiative was if they changed their act. If they, in fact, improved on labor law reform and human rights, and those kinds of matters that we as a Nation rightfully care about.

Changes were made. Not as much progress as I would like, but I think anyone who worked with me from the U.S. Government,

both Republicans and Democrats, would agree that considerable progress was made. So, I am very proud of that representation.

Senator BREAUX. Thank you, Mr. Chairman, and I thank the nominee.

The CHAIRMAN. Thank you. Senator Pressler.

Senator PRESSLER. Thank you very much, Mr. Chairman, and I welcome Mr. Brown who has been my personal friend for a number of years.

I want to, first of all, ask you a question about the nature of the job as Secretary of Commerce. I have been concerned about the public administration issue that the Department of Commerce has become sort of a gathering place of a lot of different bits and pieces of American Government. That is not your fault. It may be the fault of Congress, in part. But your job is called Secretary of Commerce, but you are going to be dealing with Weather Service, and the whole group of coastal issues, and so forth.

In your questions that you submitted earlier that the committee asked, you responded to a question about the Department of Energy and the Department of Commerce's division of responsibility. But there is also the area of science and technology, and I have been very interested in science and technology. I was very interested in Senator Rockefeller's bill and Senator Gore's bill to try to bring science and technology together.

Now, I think one of those proposals was to create a whole new agency for science and technology to offset the Japanese and European advances, but it has been my feeling we should make our present Government work, but the hardest thing is to make the Government that we have already got work right.

I guess in those two areas, I would like your response. One, in the science and technology area. I know there has been some talk in the press earlier of appointing a person Secretary of Commerce who had a science background and I say that as ranking member of the Science Subcommittee here. We had a lot of hearings, Senator Gore and I and others last year on how we can get the science and technology thing functioning within the U.S. Government.

Do you have a plan of action? What are you going to do as Secretary of Commerce in this area?

Mr. BROWN. Well, Senator Pressler, one of the things that makes me most excited about the challenge of serving our Nation as Secretary of Commerce is the deep commitment that President-elect Clinton and Vice President-elect Gore have to our being, really, all we can be in the area of technology. High technology, biotechnology, those areas are going to be areas of tremendous growth. We Americans ought to be providing real leadership.

As you know, we have missed within the Department of Commerce. We want to expand that. We want to make it the center of commercial and private sector technological development and advancement. That is what I am going to be committed to.

Just the week after President-elect Clinton announced his intention to nominate me as Secretary of Commerce, I went out to Silicon Valley, and to Southern California as well, where many of the leaders of high-technology and biotechnology companies are located. There are also a number in Senator Kerry's State of Massa-

chusetts and other places in the country, because I wanted to demonstrate my commitment to new technology .

I had an opportunity to meet with those individuals, but not only to talk about what they had done and what they are doing, but to talk about their vision for the future, because I think we need, as a Nation, to be on the cutting edge. So, I think technological development is clearly going to be one of the focal points of my leadership of the Department of Commerce, and of this administration's leadership of the county.

Senator PRESSLER. But organizationally, within the Department?

Mr. BROWN. Organizationally I believe, Senator, that we ought to be building a structure that exists and that is NIST. I think we ought to make it stronger and more able to be a leader in technological development, and more importantly, the commercialization of those new technologies.

Senator PRESSLER. So, you do not support the creation of a new agency for science and technology ?

Mr. BROWN. Senator Pressler, as you know there are a number of concerns and discussions about reorganization generally within Government. Many who think talks of reorganization are best had at the beginning of a new administration. I have not developed a master plan for that. As Secretary of Commerce, I would like that leadership and authority to be vested in the Department of Commerce.

Senator PRESSLER. Another question about the job of the Commerce Department. It has been, very frankly, under both administrations kind of a political arena to some extent, and I say that as the author of the legislation that created the Under Secretary for Tourism. Most of the people appointed to that by both administrations, or by the administration have been more political than experts. And some of them worked out very well. I am not saying that is a bad thing.

But I have been concerned that I want the Department of Commerce to be one of our strongest Departments. For example, organizationally in the trade area, the trade division of the Department of Commerce is really supposed to do what Carla Hills did, I mean technically, before that office was created. But now it is sort of a backwater, so to speak.

In terms of your relationships with the person designated to be trade representative, how do you see that working out? You have got a big staff over there supposedly working on international trade. The advisor on trade was created in the President's office, and it sort of cuts the ground out from under the Secretary of Commerce from a public administration point of view. Do you feel that is a problem, and what do you intend to do about it?

Mr. BROWN. Senator, I do not feel it is a problem at all. I have known Mickey Kantor for a long time. We are going to work closely together, as we will with other members of the Cabinet. I consider the Department of Commerce to be the lead agency on trade policy. The U.S. Trade Representative negotiates agreements. They work closely with the staff at the Commerce Department, particularly the International Trade Administration.

So, I look forward to a good, close working relationship with the U.S. Trade Representative. I do not think it is going to pose a problem at all.

Senator PRESSLER. You are going to be in charge of the Weather Service of the United States. It is part of What I talked about here in public administration, all the things that are done over in Commerce. Now, from Texas up to North Dakota we have a number of tornadoes, and this may be a parochial question, but we are very concerned with implementing the new, NEXRAD Weather Service system.

Now, I am all for helping out when there are disasters. Indeed, I voted to help out when the Florida hurricane occurred. But what happens in small towns is that a tornado will come and maybe destroy two or three houses, but to those people in those two or three houses it is just as big a deal as if they were part of a hurricane.

Under some of the modernization, and indeed we do have to modernize the Weather Service if there is new technology available, but there are sections of our country that would not have essential radar services. And I had legislation last year ensuring that prior to closing or consolidation of an existing Weather Service office or Weather Service's forecasting offices, these offices would receive a fair and impartial review by the National Academy of Sciences. Would you support that?

Mr. BROWN. Senator, what I support is full coverage. We all know the kinds of hardships that natural disasters can bring—tornadoes and hurricanes. We have seen it with Andrew, and Iniki, and Hugo. We know that had it not been for good weather forecasting, there would have been an even greater loss of life and property. So, I am committed to absolute, full coverage.

We have to move forward with modernization. In many cases we have an antiquated system. We have to talk to the Europeans about full satellite coverage while we are going through that modernization process. So, what I am committed to, Senator, is full coverage so there are no gaps, and so we will have an early warning system to make sure that we are prepared for those kinds of disasters.

Senator PRESSLER. Mr. Chairman, I have several more questions on Native Americans, small business, and other subjects. Will there be a second round?

The CHAIRMAN. There will be a second round, and there will be questions, of course, for the record. I have questions, too. Very definitely, yes. Senator Packwood.

Senator PACKWOOD. Thank you, Mr. Chairman.

Mr. Brown, I noticed when the chairman made his opening comments he looked at your list of political contributions and he noted he was not among the recipients and you said you would correct that oversight. I notice that I am not among the recipients either. [Laughter.]

Mr. BROWN. Senator, I appreciate your recollection. But what I said was it was an oversight. I did not talk about correcting it, Senator. [Laughter.]

Senator PACKWOOD. So long as we are all treated evenhandedly, that is fine.

And unless the Constitution has been changed this morning, I believe the right to petition the Government for redress of grievances is still part of the first amendment and I think that calling is an honorable calling and nobody should be disqualified from service because they happen to have practiced that calling for a long period of time. That should not be held against you. My dad was a lobbyist for 35 years at the Oregon Legislature. I think it is a fine calling.

Now two questions. One, in trade policy one of the implements that any President needs to get through trade agreements, in my judgment, is fast-track negotiating authority. That expires this June, and under that authority the President can negotiate agreements and then submit them to Congress. And while we have tremendous input into them, they have to be voted up or down without amendment.

And the fear being that if we can amend them—the President will negotiate an agreement and you have to give something in order to get something in these agreements, and if Congress can undo them, nobody is going to negotiate with us. What would be your advice to the President on asking for an extension of fast-track authority as it now exists?

Mr. BROWN. Well, Senator, I do not know that we need to talk about extension at this time. As you know, President-elect Clinton supported fast track. He indicated at that time that he had some real concerns. Those concerns were in the nature of protection of the environment and the interests of American workers, or the interests of workers on both sides of the border. He continues to have those concerns, as you know. He is going to meet with President Salinas on Friday. We look forward to a very constructive relationship with our friends to the south.

What we have always said is that a good agreement, though, is more important than a fast agreement. We want to make sure that we protect the interests of our country and our people, and that is the clear goal of this administration.

Senator PACKWOOD. Let me interrupt you just a moment. I am not talking about the specifics of the North American Free Trade Agreement. I am talking about the procedures by which, when it is finally negotiated, whether it is negotiated speedily or slow, it is submitted to Congress. As to whether we should then approve it on an up or down vote without amendment, which is what fast track—it is not fast, that is a misnomer.

Whether we should then approve or disapprove of the agreement up or down, or whether Congress should have the power to amend it after it is negotiated, which makes it almost impossible, in my judgment, for the President to negotiate the agreement. What will your advice be to him on extending his authority to negotiate agreements that can be submitted on this fast-track authority?

Mr. BROWN. Well, I have not had a recent discussion with President-elect Clinton about this matter. I indicated in my initial answer that he supported fast track. I assume that support would continue.

Senator PACKWOOD. Good.

Mr. BROWN. He did indicate that he intends to have some discussions about implementing legislation. I think that that is appropriate.

Senator PACKWOOD. Yes, I think his comments on the implementing legislation related to the North American Free Trade Agreement, per se.

Mr. BROWN. Yes, they did.

Senator PACKWOOD. Not how Congress reviews.

Mr. BROWN. You are correct, Senator.

Senator PACKWOOD. Second, you do have jurisdiction in the Commerce Department of the National Marine Fisheries Service. They are currently reviewing the issue of salmon and the endangered species in the Columbia River, under the Endangered Species Act.

And this is what we call petition driven, anybody in the United States can file a petition that some species may become endangered or threatened. And if they file it, the Government has to review it, and if the Government finds that the current activities of either public or private jurisdictions, private landowners, endanger the species, they can alter—they can order an altering of it. If they find that certain activities will lead to the extinction of the species, then they are not allowed, the Government is not allowed, in reaching a decision, to consider economic circumstances at all—at all, if the consideration of them will lead to the extinction of the species.

The National Marine Fisheries Service, in reviewing the salmon, has not yet come to a conclusion. A worst-case scenario could be that they conclude that there is no way to save the salmon except to take the dams out. I mean the Grand Coulee's the Bonneville's, the Chief Joseph, these immense dams. I do not think that is what they would come to, but if that was what they had to come to do it, they would be required to. And it is not beyond comprehension. In Senator Gorton's State we are going to take out two dams, small dams, to attempt to save a fish run in northern Washington.

In your judgment, on occasion when considering economic interest, business interest, jobs, navigation, irrigation, power production, should that be weighed against species and on occasion should we say that the cataclysmic effects of the Endangered Species Act are so great that we should run the risk of the extinction of a species rather than undertake a program that will cause devastating economic impact?

Mr. BROWN. Senator, as you can imagine, this is not an issue that I have given consideration to. I must say that I am not surprised by its complexity, in that I had an opportunity to talk to Senator Gorton and to Senator Stevens and Senator Kerry and others and you, concerned about fisheries issues. And they warned me that if I thought it was difficult getting the divergent interests of the Democratic Party together, it was going to be even more difficult dealing with some of these fisheries issues.

Certainly, the kind of extreme result you talked about, taking out all the dams, that would seem to me to be worthy of reconsideration. But I am really not prepared today to respond to those kinds of hypotheticals, Senator Packwood.

Senator PACKWOOD. It is just—oh, my time is up. This just happens to be a fishery issue. We have already faced it with the spotted owl and timber, and it is going to cost about, at a minimum,

30,000 to 40,000 jobs in the Northwest for a plan that may or may not save the owl. This just happens to be a fisheries issue coming up now.

Thank you, Mr. Chairman.

Senator STEVENS. Mr. Chairman, could I interrupt just a minute. I have a meeting in connection with this joint session of ours today. Could I submit two questions for the record for my friend Mr. Brown to answer.

The CHAIRMAN. By all means.

Senator STEVENS. On cable broadcast cross ownership and spectrum competitive bidding.

The CHAIRMAN. Yes, please do.

Senator STEVENS. Thank you very much.

Mr. BROWN. I would be glad to respond in writing, Senator Stevens.

The CHAIRMAN. Thank you very much. Senator Inouye.

Senator INOUE. Thank you, Mr. Chairman. I support the nomination. I have the great pleasure of knowing Mr. Brown for many years and I am fully satisfied that he is qualified to assume this important position.

However, Mr. Brown, as you know, there are some who disagree with that assessment and that support. For example, there are those who say that you are a good power lawyer, you have a lot of connections, and you are a politician. The Department of Commerce has about 36,000 employees, it has the Bureau of Census all the way up to the U.S. Travel and Tourism Administration, all sorts of other agencies and bureaus, and they suggest that you may not have the necessary management skills. Do you believe you have the management skills to manage this huge bureaucracy?

Mr. BROWN. No question in my mind about that, Senator Inouye. I think I have proven myself as a manager over the years in every assignment that I have taken on, whether it be in the Army or at the Urban League or working here at the Senate Judiciary Committee, and most recently as the chairman of the Democratic Party.

There is no question in my mind that I possess the leadership qualities, the ability to motivate and inspire people, but most importantly, the ability to stay focused on getting the job done. I look forward to the challenge of managing that large a bureaucracy. There are few in America who have had any kind of life experience, be it limited or extensive, who have had the opportunity to manage a bureaucracy of 36,000. But I think I have proven the ability to manage people and to lead people.

Senator INOUE. Statistics tell us that the average American child, by the time he or she reaches 18, will have spent about 13,000 hours in a classroom and about 20,000 hours sitting in front of a television set. One of the agencies that you will manage is the National Telecommunication Information Administration, and recently this committee and the Congress established a National Endowment for Children which has responsibility over educational programming.

Of all the industrialized countries, we are the only ones who do not take educational television seriously. Do you hope to make a change in this attitude?

Mr. BROWN. Yes, Senator, I do. I believe that the national telecommunications part of the Commerce Department ought to be the lead policy arm for telecommunications in America, the principal telecommunications advisor to the President of the United States. I think we need to use technology much more effectively.

One of the reasons that we want to build this telecommunications superhighway, as it is called, is to make sure that young people have access to information. If you can tap into a Nintendo game, you ought to be able to tap into the Library of Congress as a resource that is available all over America to our young people and our adults.

So, yes, I believe very strongly that we have got to do a better job in education generally, particularly through the vehicle of television.

Senator INOUE. Most Americans are not aware, Mr. Brown, that our No. 1 export item is tourism. And yet I think all of us must agree that this Government of the United States does not take tourism too seriously. We spend small amounts to support this activity. The tourism agency is under your command. Do you hope to give it a higher profile?

Mr. BROWN. I certainly do, Senator. You are absolutely right. I think we have underestimated the impact of tourism on our economy. Many would argue it is our largest export. There would be some argument with agriculture about that, but many would argue with that and I think with some justification. There are 2.5 million Americans employed in travel and tourism, so we have to take it seriously.

I would agree with your assessment, Senator, that we have not given enough time and attention to it. We have not given a high enough profile to it. I know the Congress took action last session focusing on rural tourism, something which has been neglected very much in years gone by. So I intend to give it a higher profile. I intend to make it known what a tremendous asset tourism and travel is to the American people and to our Nation's economy.

Senator INOUE. Thank you very much, Mr. Brown. Mr. Chairman, I have several questions I would like to submit for the record.

The CHAIRMAN. They will be included. Senator Exon.

Senator EXON. Mr. Chairman, thank you very much. I cannot tell you, Chairman Brown, how delighted I was when you were nominated by the President-elect for this position. I think the varying questions that have been asked you this morning by many members of this committee probably emphasize that if we are going to work our way out of our present economic difficulties, a large measure of whether that is going to happen or not will be as a result of your leadership in the Department of Commerce. Because commerce is what will bring us to the point of getting out of the recession, or the near-recession that we are in.

And I am glad, in listening to your opening statement and then reviewing it briefly also, that you are talking about what you propose to do with innovative measures for the future. And the future is what this country is all about. Therefore I am looking forward to working with you for the next 4 years in moving us ahead.

I particularly want to point out two statements on the last page of your written submission to the committee this morning. That

you will relentlessly—and I believe that you inserted the word pragmatically in addition to what was printed here—advance commerce. Also you say we must develop policies to help our firms capitalize on these negotiating successes.

Can you possibly tell us what some of your innovative ways are that you think we can maybe break out of some of the patterns of the past?

Mr. BROWN. One of those, Senator, we had the opportunity to discuss in your office. I know that you introduced legislation some time ago to take a look at barter as a vehicle for improving our ability to trade. I think that is a very good idea. I think there is only one person at that office at the Department of Commerce now, and I know you have encouraged the expansion of that office.

Since many of the trading opportunities are going to be with underdeveloped countries who have no hard currency, who cannot pay us in dollars, we have got to find creative ways to still be involved in trading relationships with them. I know one of the things that you have been looking at is our relationship with Russia in that regard. I think that we can certainly explore and examine those kinds of new and creative ways to enter into long-term trading relationships, even with nations who have very little hard currency and would not be able to pay for what they get from us in dollars.

Senator EXON. Thank you very much. Yes, I have been very much involved in that. I have made two trips to Russia and I have found that they are anxious to get into barter. They are in barter with France and other countries.

I think that, as I brought up at the last committee meeting when we confirmed the last head of the Department of Commerce, we got into the matter. And it is true the current administration has lived up to the law by establishing a barter office, but the spirit is not there and they only have one person.

I do not think barter is the answer to all of our problems, but it is one of those tools that we should use. And it was brought home to me this morning on the way down listening to the radio about the default of the former Soviet Union republics and others with regard to loans that we have granted to them. It is far better if we can find something of value that they have that we need, that we can barter back and forth. And it seems to me that we should be looking at the possibility of barter with regard to the enormous oil resources of the Soviet Union, and not be as dependent as we have been on the gulf in that particular area.

Another major concern of mine is in transportation, and we will be talking to the Transportation Secretary about that.

As far as commerce is concerned in the United States, commerce is not going to do as well as it should, in my opinion, unless we can have a healthy airline industry. I believe that is a concern of yours. Do you feel that the airline industry in the United States is in some trouble today?

I got a bill passed last year to appoint a blue ribbon commission to advise the President and the Congress as to what we should and should not be doing in this area. I am not suggesting reregulation, per se, but I am saying that thus far, as far as the health of the airline industry overall is concerned, deregulation has been a disaster.

Mr. BROWN. Well, Senator Exon, I think just a cursory reading of the daily newspapers would cause us to conclude that the industry is in trouble, and if the airline industry is in trouble, that has a tremendous impact on our ability to be competitive in areas of commerce. It also has a tremendous negative impact on consumers in America, so there is no question that it is a matter of great concern. I know it is a matter that you have been concerned with for many years, and I am sure you will be raising it with President-elect Clinton's nominee as Secretary of the Department of Transportation.

Senator EXON. I have two or three more questions I would like to submit for the record. My time is about up, Mr. Chairman. I thank you for being here. I appreciate your directness. I think you are going to make a great Secretary of the Department of Commerce.

Mr. BROWN. Thank you very much, Senator.

The CHAIRMAN. Thank you. Senator Lott.

Senator LOTT. Thank you, Mr. Chairman. Mr. Brown, I would like to join my colleagues here in welcoming you to the committee and congratulating you on being selected for this very important position in the future of our country.

When I look at your overall background and education, your experience that you had around your life in a variety of roles, your experience as an attorney, your involvement in Washington, I have to say that there is no doubt in my mind you are qualified by experience and background to do this job, so I commend you for that.

I must wonder, though, when I looked at all the activities you have had, all the clients you have had, and how successful you have been, I just wondered, Mr. Brown, if Mrs. Alma Brown really realizes yet what you are giving up.

Mr. BROWN. You will have to ask her that question. [Laughter.]

Senator LOTT. Because I think she will be shocked at the limitations you are agreeing to. I said this in the past to other nominees in previous administrations. You do make a sacrifice when you agree to come into Government.

I appreciate what you had to say about, this is an honorable thing to do and you are honored by the opportunity, and we all admire you for that.

I am going to need a second round, because you were kind enough to come by and visit with me, and I indicated to you there were three or four areas that are out there in the arena, public arena, that need to be addressed, and I want to give you that opportunity, but for now, just a couple of sort of overview opening questions.

I have already mentioned that this position is vital to the future of our country, international trade and advanced technology development, competitiveness, oceans and atmosphere. You mentioned a number of these. You have had questions already about fisheries, and when you think about fisheries, I do not want you to think Northeast, Northwest, but on behalf of Senator Breaux and myself, the gulf also has a lot of interest in oceans and fisheries.

There will need to be new missions and structures developed for both these goals, so I really, really am very interested in what your thinking is about the committee and making sure that any ques-

tions, any clouds that are hovering over your nomination are cleared up so that you can go into this job free and fully committed to doing the best possible job, and I know that you want that, too.

So, I am going to ask you a number of questions as the day goes along, but I want you to understand I am just trying to fulfill my role, as outlined in the Constitution, of advice and consent, so that you can respond to these questions on the record.

Mr. BROWN. I understand and respect that, Senator Lott. I would be pleased to answer any questions you have of me.

Senator LOTT. First, just a very general question on the Department itself. I believe that President-elect Clinton has indicated the need for reform in various places in Government, and I agree with that.

I understand perhaps he has even suggested that the Commerce Department be reformed, changed, some additions, deletions, maybe that it be changed—I believe he suggested to the Department of Trade and Technology, that maybe fisheries be moved somewhere else, maybe even to Environmental Protection Agency.

I do not even know if he has really even advocated all those things, but do you have any preliminary thoughts about whether or not that is going to be done? Does it need to be done? Are you advocating major overhaul in the way the Department of Commerce is set up and operates?

Mr. BROWN. No, I am not, Senator. I think you are right, I do not think President-elect Clinton has any massive reorganization plan for the Federal Government. We want to make the Government work better. We know it does not have to be bigger to make it more effective at dealing with the needs and aspirations and goals of the American people, particularly in dealing with the economy.

I know there have been a lot of reorganization suggestions. They did not start with this election or with President-elect Clinton. People have been talking for years about what to do with certain parts of the Commerce Department. There is probably also a lot that has to do with trade and technology that some would think ought to be in the Commerce Department that is not there now, but there are no far-ranging plans for that kind of action now, and I certainly do not have any.

Senator LOTT. One of the very important things we need to get into in detail with you is that you have been associated with a large, very fine law firm in this city—Patton, Boggs & Blow. I understand you are going to leave the law firm. Are you entering into a separation agreement with that law firm?

Mr. BROWN. I am resigning from the law firm as of January 20. I submitted my letter on December 31. I have ceased having any involvement with any of the law firm's activities since the day that President-elect Clinton announced his intention to nominate me. My severance agreement from the firm will be in accord with a pre-existing partnership agreement. I will have no financial interest in the firm from January 20 forward.

Senator LOTT. Is that available, that preexisting agreement with the firm, when you entered the firm? Is that available?

Mr. BROWN. I would really have to discuss that with the firm, whether they are willing to share the partnership agreement.

Senator LOTT. I would like to ask if you would check into that, so we can get some feel for what is involved there.

What is important, beyond leaving the firm and making sure that there is no connection with the firm, how do you plan to handle the fact that they had a number and you had a number of domestic and foreign clients, corporations, subsidiaries of foreign corporations, foreign governments—I believe you or the firm has represented, what, one, two, or three foreign Governments to one degree or another.

Mr. BROWN. I have represented one, and that has been widely misreported.

Senator LOTT. You have only represented one, then.

Have you given thought to, or have you discussed how you would plan to recuse yourself, perhaps, from firms or situations where previous clients would be coming before you as Secretary of Commerce?

Mr. BROWN. Yes, Senator. There is not a major recusal problem.

I have had full discussions with the Government Ethics Operation, with the General Counsel's Office in the Commerce Department. As I believe you know, a letter has already been issued by the General Counsel's Office of the Commerce Department. I do not think that there is going to be a significant conflict problem.

Frankly, the judicial standard is the standard that is normally used. Judges, when they are appointed and they have been partners in law firms, do not recuse themselves from dealing with issues which their partners bring before the court.

There are some 1-year things that I am doing that I think really go beyond the requirement. Even though I am severing my relationship with the law firm and severing my relationship with the Democratic National Committee and I will have no financial interest whatsoever, I will take some 1-year recusals from clients of mine which I have had over the last year. That is something that is in the letter before you.

Senator LOTT. One last question, because I see my time has expired, but I need to get this overview question on the record to give you a chance to respond, and we will come back a little bit to the recusals and the pledge about how you will lead the Government and what you will do to comply with that commitment.

You have represented a number of clients, and that is certainly not disqualifying. I think it is to your advantage and experience, but a number of them have been controversial—the Government of Haiti, certain Japanese subsidiaries your firm represents, the Bank of Commerce and Credit International.

You have been associated with firms that have been awarded municipal contracts where there have been some questions raised about how those were handled.

You have been a leader of your party, and you certainly did a good job there. That is certainly not disqualifying. I agree with Senator Danforth, I will be glad to see you leaving that position.

But you have raised large sums of money from individuals, corporations, PAC's of special interests, and the combination of these convey perhaps at least the appearance that your nomination is at odds with the standards and concerns raised by President-elect Clinton both in the campaign and the transition because of the al-

legations and the involvements that you have had with a number of situations that have been investigated and questions have been raised.

So, just right here at the beginning, and as far as I am concerned, how do you respond to the fact that all of this background and these things perhaps send the wrong message as we begin with this new administration?

Mr. BROWN. Well, I would disagree, Senator, that it sends the wrong message. I think it sends the right message. I think it sends a message that I am someone who is a good advocate, who gets things done. I would think that President-elect Clinton would want somebody in the Department of Commerce who has had success in law and business, who has been involved in business in our country.

Many of the things that you cited are not controversial at all. I do not find any controversy in having represented the American subsidiaries of Japanese electronic companies as a lawyer. As Senator Hollings and others have said, you have many clients as a lawyer, and you are usually judged by what kind of advocate you are, how good you are, how effective you are. I intend to bring those same qualities to my leadership of the Commerce Department.

You mentioned, Senator Lott, the President-elect's concern about the so-called revolving door. I have agreed to take a major step, and it is to sign the pledge that he has put forward for everyone who is coming into his Cabinet and other senior positions in the Government, and that has to do with what you do when you leave Government, not how you have practiced your profession before you came to Government.

I intend to fully abide by all the ethics requirements of the Government Ethics Department of the Commerce Department, all of those that President-elect Clinton has set out and, frankly, all of those that I have led my life by, so I do not think there is going to be a problem of conflict or ethics or anything else, for that matter.

Senator LOTT. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much. Senator Rockefeller.

OPENING STATEMENT OF SENATOR ROCKEFELLER

Senator ROCKEFELLER. Thank you, Mr. Chairman.

Mr. Brown, I am one who is very glad you are going to be in this position, and I believe you are going to be easily confirmed. I say that because I think the Commerce Department for quite a long time has been lacking somebody who is tough and aggressive and who gives the Commerce Department the powerful position that I know President-elect Clinton wants it to have and that you want it to have.

People make comparisons. Since you have been chairman of the Democratic National Committee, I suppose better than anybody else on this committee I know the work that you have done there. I would make the proposition that in the very short time that it takes to carry out a campaign, and the way that you brought very divergent groups within the party together to represent a common interest victory in your job as DNC Chair, I think some of that

work is a lot harder than some of the work you may face in terms of the questions Senator Danforth and others have raised. Specifically, I refer to labor and management.

I think labor and management generally are beginning to understand that their interests are more in common. The labor movement has changed substantially in recent years, and business has changed substantially, but I think frankly the skills of your most recent work will be very, very helpful, so I am very glad about that.

You do not like theory, you have indicated, but I am going to ask you a little bit of a theoretical question. There was an article in Fortune magazine a year ago plus a month in which CEO's of American companies spoke out about what they wanted to see happening in this country.

It was kind of a "whither America" type of issue, and it was amazing the number of CEO's, just really one after the other, who said we need to know what our national priorities are. We need to know where our Government is going. We cannot set our own R&D investment budgets, we cannot set our own future plans, until we have a sense of what this Government wants to do. This was from conservative businessmen, moderate, Democratic, it did not make any difference.

So, the question of the relationship between Government and its role with business, where it is proper and where it is improper, where a Government can help set, where proper, priorities with the private sector, is a very interesting and a very important modern phenomenon for this country, it seems to me.

Other countries do not have that problem. I mean, the steel industry in Italy has not had to deal with a loss in 16 years because whatever the steel industry loses the government makes up. We do not do that in this country, and I am not recommending we start, but I think there is a need for cooperation.

I would just be interested if you could define a little bit what you mean by the relationship between Government and commerce. In part, as Senator Danforth raised it, and second in terms of how I am raising it.

Mr. BROWN. Thank you very much, Senator Rockefeller, for that question. I do not think it is a theoretical question, I think it is a very practical, commonsense question.

There is no doubt in my mind that we have to change the relationship between business and Government. If we want to compete in this new and changing global economy we have to understand who our competitors are, and if we are going to compete and win, we cannot continue to do things as we have done them.

There are some who have even suggested the Department of Commerce should be like the Japanese Ministry of Industry and Trade. We probably ought not to go that far, but it seems to me we have to have a new partnership between business and industry and Government if, in fact, we are going to be able to compete, particularly in areas that I know you and others like Senator Burns are concerned about, like new technologies, technologies in the telecommunications field, for example.

How can we continue to be on the cutting edge? I know some of the things that have been considered by this committee, the Hollings Centers and the advanced technology program, to allow us to

be in the lead again. Once again, what is that? That is cooperation between Government and business, developing a new kind of teamwork.

So, I look at that as a very practical challenge, but something that we have to do, Senator Rockefeller, if we are going to deal with reality. If you cannot adjust to the times in which you live, you do not deserve to lead.

I want us to lead. I want the American economy to lead, and I think we have to foster that kind of cooperation and partnership between Government and business in the future if we are going to have that kind of leadership position.

Senator ROCKEFELLER. The ability to have sharp elbows, be aggressive, and exercise those elbows and that aggressiveness in the upper levels of White House discussions and Cabinet discussions is, it seems to me, a prime responsibility for a newly powerful Secretary of the Department of Commerce.

There are constantly conflicts between the Secretary of Commerce and the Secretary of State. For example, back in 1991—I think it was probably State in this case that was correct—we had bases in Turkey, and Turkey wanted to have an increase in the quotas that limit their exports of textiles into this country. Commerce was not interested in that. They wanted to be able to defend our textile industry. And this was just before American planes taking off from Turkish airbases bombed Iraq, and therefore State, in that case, was correct.

But ordinarily, State wins in battles with Commerce where they are not correct. And it is because they put the political relationship or the bilateral diplomatic relationship between two countries—Japan and the United States, for example, or European countries and ourselves—in the foremost position because they do not want to disturb the waters.

I want to know not that you are out to disturb the waters between ourselves and our allies, but that you are prepared to use sharp elbows to fight for American industry, as Senator Danforth indicated, even when it may not be the view of the Department of State, that you are willing to fight hard for that.

Mr. BROWN. Well obviously, I want to be a good member of the Clinton administration's team. And I think, Senator Rockefeller, I am known for pretty good powers of persuasion. I would rather use the powers of persuasion than sharp elbows, but I can use sharp elbows, too. I am an old basketball player.

I am going to, as I indicated early on, be an advocate for American business and industry. That is my priority. I am going to work closely with other members of President-elect Clinton's Cabinet, and the voice that I will bring will be a voice of advocacy for the interests that you described in your question.

Senator ROCKEFELLER. Mr. Chairman, could I just do a quick one?

We have a semiconductor agreement with the Japanese, as you know, that is meant to give us a 20-percent share of their market. It has fallen now from 16 to 15.9 percent. In the American Government traditionally, we negotiate treaties and then we congratulate each other, then we walk away. The Japanese, others, do not do

that. They make a practice of following up on their treaties to make sure that they are implemented correctly.

Now, that is a classic example. The Japanese put hundreds of thousands of computer chips, for example, into their automobiles. And if they are going to get up to 20 percent, something has to be done to design in American chips at the engineering and procurement level within Japan.

I want to know that you will be, as Secretary of Commerce, fighting to see not only that that is implemented, but that our trade agreements generally, working with USTR obviously, are implemented. Because you will have a voice at the table. If you tend to exercise that, you will make a difference.

Mr. BROWN. Senator Rockefeller, I think we have got to be tougher and stronger. I think we have got to stop getting rolled. I think we have got to assure that we enforce our trade laws. I think we have got to be sure that when we reach an agreement, a bilateral agreement or a multilateral agreement, that the terms of that agreement are lived up to by all the parties. I do not think that we have done a very good job of that.

Senator ROCKEFELLER. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Robb.

OPENING STATEMENT OF SENATOR ROBB

Senator ROBB. Mr. Brown, we are delighted to have you here. Senator Rockefeller indicated that he had worked as closely with you as anybody else on this panel. I suspect that I could at least challenge him for that particular honor, and I did consider it a pleasure to work very closely with you in a partisan sense in the last 2 years and now I look forward to working with you on governmental challenges that face us at this point.

I had to step out for a couple of minutes, and I understand some of the things that you and I had discussed in our meeting had been covered. But there is an area that I do not think has been covered yet that has been important to me, and I think it is one that we have not fully come to grips with yet here in the Congress or with respect to where a particular responsibility might be lodged. And that has to do with the whole concept of defense conversion, the whole question that we are changing. We are making some fundamental changes in our defense structure and some of those have a very significant impact on what will remain the economic infrastructure in some of the various areas.

I wonder if you could comment briefly on what you see the role of Commerce being, and you might make some specific reference, if you will, to the role that a DARPA equivalent under the Commerce section might have in any future department which might be headed up by Secretary Ron Brown.

Mr. BROWN. Senator Robb, as you know, those are matters that I have given some consideration to. I think the DARPA example is a good one. We have got to move from defense technology to civilian technology and figure out how to commercialize those technologies. That is going to be one of the most important things that the Department of Commerce can do.

On the defense conversion question, that is one of the areas where I think the Department of Commerce ought to take leader-

ship. We, yes, are having significant cutbacks in our defense budget. We have got to be concerned about those workers and what happens to those workers. We have got to be concerned about those plants that are vacant. What happens to those plants? How do we put them to other civilian uses? I think that there are areas in the Department of Commerce that can be used more effectively in that regard.

I know that when I was working with the Urban League in the sixties and seventies, the Economic Development Administration was a prime mover in bringing jobs and opportunity in inner city and rural areas and in helping small businesses develop. It seems to me that and other parts of the Commerce Department can play a large role in defense conversion.

I have already had the opportunity to have preliminary discussions with Secretary of Defense-designate Les Aspin about those issues. We obviously will be continuing those discussions, but the bottom line is I expect the Department of Commerce to play a very significant role in defense conversion matters.

Senator ROBB. Let me ask you another question that relates to the same general area in terms of how we consolidate responsibility for individual functions, the International Cultural and Trade Center, which many Washingtonians may view as the largest man-made hole in the ground, second only to the Grand Canyon or others, but a concept that was designed to pull together for essentially one-stop shopping some of the things that you have been working on in the private sector, as well.

The current administration, in terms of at least some of its advanced decisions, does not appear to have been moving quite in the direction that that was originally conceptualized. How would you see the development of that particular center, that behemoth that is going to arise from the hole in the ground at the Federal Triangle in terms of the activities that would be located there or activities that would not be located there?

Mr. BROWN. Senator Robb, as you probably know, there has not been any discussion yet with the incoming administration, with the Cabinet designees or with President-elect Clinton about this matter. I am very familiar with the site of the building and the building. The best thing about it is not only its size, it is second only to the Pentagon, I think, upon completion in size, but the best thing about it is there is a tunnel to the Commerce Department right under 14th Street. So, it would behoove us to do some coordination.

I would like to see things located in that building which really deal with international trade so that there can be one-stop shopping. I know in the early planning there was thought of putting the commercial attachés from foreign embassies in that building so American businessmen would have immediate access to outlets for their products. I would like to see housed in that building departments and agencies of government which deal with trade that can be coordinated with our activities at the Department of Commerce. So that clearly is going to be a discussion we are going to be having early on within the incoming administration.

Senator ROBB. Another trade-related question, if I might, that is always sensitive when you talk about any kinds of limitations on

trade, including the ability to invest, et cetera. A question sometimes arises—in fact, I can remember back as far as the early period when I was Governor there was a concern that there is, “too much foreign investment in Virginia, or too much, too many institutions that are identified with the American dream are under foreign ownership.” Are there any circumstances that you would favor that would limit the ability of foreign corporations to invest in this country?

Mr. BROWN. Yes, there are, Senator Robb. I support the Exon-Florio legislation, and I think it is wise for us to do a thorough review. Our economy would be in even deeper trouble than it has been in if we had not had some foreign investment over the past decade or so. I wish we had not needed as much of it as we had. If we had had a stronger economy we would not have.

I think that we certainly should not do anything to lock out foreign investment. I think that would be a bad mistake. But yes, I think there are instances in which it ought to be limited, and the legislation that I just mentioned is an opportunity we have to make such reviews.

As you know, Senator, the Secretary of Commerce sits on that committee to make such review and make recommendations to the President.

Senator ROBB. Mr. Chairman, I see that my time is up. Mr. Brown, I thank you, and I look forward to working with you.

Mr. BROWN. Thank you, Senator Robb.

The CHAIRMAN. Very good. Senator Gorton.

OPENING STATEMENT OF SENATOR GORTON

Senator GORTON. Mr. Brown, as you remember, we had a very pleasant and constructive conversation yesterday afternoon. My impression was that you came into my office with a certain degree of shellshock, hearing from me some of the same questions and concerns you had heard from Senator Kerry, Senator Packwood, and Senator Stevens. And I gather that you now fully realize that what is roughly 50 percent of the budget of your Department goes through NOAA to matters relating to oceans and atmospheres. And you were gracious and candid enough to admit that these concerns have not been at the top of your life's agenda through your long and distinguished career.

I can say publicly what I told you privately, that I was most pleased at your openmindedness and your desire to learn very quickly, and even perhaps more importantly, by your desire to do the right thing, to do justice where you possibly can in controversies which have gone on for many years and will continue for many years, and in which in some cases to which there is no single right answer but simply a balancing of issues.

I appreciated that. You have now heard from several Senators and I suspect from many others on some of these issues relating particularly to fisheries, and I wonder if you would take a few minutes to give us some of your first impressions as to the nature of these problems and the way in which, the methods in which—not the final answers, obviously—but the methods which you will attempt to utilize, either by making recommendations to us or working within your present authority to deal with these issues.

Mr. BROWN. Thank you, Senator. We did have a good, candid discussion. I do not think I came into your office shellshocked. I might have left shellshocked in that you indicated to me how complex these issues are.

If I might, I might tell the rest of the members of the committee, Senator Gorton also said he thought it was good I was starting with a clean slate, a fresh slate, and could take a fresh look at some of these issues, and I certainly am. I am committed to being fair, I am committed to looking at all the data and making the best-informed decisions I can.

I think one of the reasons why these issues have become more complicated is because of the depletion of some of our habitat and some of our resources and the quantity of fish in our fisheries. The fact is that a few short years ago we were just worried about the 200-mile zone and foreign intrusion and how we were going to keep foreigners out of those fisheries, or economic zones, I believe they are called.

Now, we are worried about more complex problems like fishermen from North Carolina coming up off the coast of Massachusetts and fishermen from Alaska coming down to Washington and Oregon or the other way around.

Senator GORTON. I think Senator Stevens—

Mr. BROWN. I notice he is not here, but he discussed the Alaskan perspective with me yesterday, Senator Gorton, so I understand the complexity. You are right that there are no easy answers.

I think we need to look at the makeup of the councils, and we discussed that some yesterday, these regional councils that are located around America and how they are made up and what kind of interest groups are represented on them and how it makes the decisionmaking process maybe more complex than it should be. There should be participation. We should have those kinds of councils, but I think this is the time for review.

I believe that the most important thing in all of these complex matters is to make sure that you listen, to make sure that you are open, to make sure you hear the very disparate points of view, to make sure that you can make the fairest and most informed judgment that you can, and that is the commitment that I am making to this committee and to the Senate and to the American people today, that I will make decisions being fully informed and being fair to all the interests involved.

Senator GORTON. Thank you, Mr. Brown. As I also told you yesterday, it is my general philosophy that a President, any President, is entitled within the broadest possible frame, to selecting the people with whom he wishes work closely, and most particularly, those are the Cabinet. And as a consequence, even though I may disagree with many of your policies, I intend to support your nomination in deference to the President with this respect.

But I am particularly delighted that on issues which are of great importance to us, as are the trade issues which have already been discussed here this morning at great length, that you are going to attempt to work for the best interests of the country as a whole, and specifically with us.

I would also like to take this time, if I may, to repeat in public an invitation I made in private, the hope that you will have very

high on your agenda a visit, a thorough visit, to the Pacific Northwest to view firsthand and to speak firsthand and to listen firsthand to people there about what are obviously unique concerns over which you have such a great deal of power and authority, and to deal with what is your own regional Office of the National Marine Fishery Service there, which has done an exemplary job of attempting, within the framework of present laws, to resolve some of these great difficulties.

Mr. BROWN. Thank you, Senator.

Senator GORTON. Finally, Mr. Chairman, given the nature of the time, I have a number of even more narrow and technical questions from the Pacific Northwest Utilities Conference Committee, and I would like permission to submit those for the record and would appreciate a prompt written response from the nominee.

Mr. BROWN. I will respond promptly, Senator.

The CHAIRMAN. They will be included in the record. Senator Burns.

Senator DANFORTH. If I may interrupt, it is my understanding all Senators will be able to submit further questions.

The CHAIRMAN. The record will be kept open for at least 2 weeks. It is my idea that we will listen and keep the record open for the questions of Senators and statements of anybody to be submitted, and then we will confer and discuss the appointment. If things go their normal course, then on the day of the inauguration we could meet momentarily to confirm Mr. Brown. Things may arise in the next 2 weeks so the record will stay open and we will make our judgments with respect to any statements or requests by the Senators for any further hearing.

Senator Burns.

OPENING STATEMENT OF SENATOR BURNS

Senator BURNS. Thank you, Mr. Chairman. I have a statement I would like to enter in the record, and I, too, would like to reserve some time for some questions.

[The prepared statement of Senator Burns follows:]

PREPARED STATEMENT OF SENATOR BURNS

Thank you Mr. Chairman. Good morning and welcome Mr. Brown. As you know, voting on nominations is one of the most important functions performed by a United States Senator, and confirmation hearings play a vital role in this process. The American people deserve to know that the individuals nominated to high office are qualified to serve. Only by asking questions, sometimes difficult questions, are we as Senators able to evaluate the suitability of the nominee to the position. We do so in trust for the American people, and I take this responsibility very seriously.

Mr. Brown, the condition of the U.S. economy has received a great deal of attention in recent months. In fact, Governor Clinton's election can be traced in large part to his ability to convince the American people that our economy had turned sour. This however, is far from the truth. Our economy—the world's largest—continues to grow. We lead the world in exports and enjoy the highest standard of living on earth.

As the nominee for the Secretary of Commerce, I hope you recognize these facts. But more importantly, I hope you also recognize that the world is changing rapidly, and our country can't stand still. We must continue to promote open competition at home and give American businesses the opportunity to succeed abroad. During the last few years, the world has become a smaller place. By this I mean that through the magic of television, telephones, computers and faxes, we have brought the people and businesses of the world closer together. We have become so intertwined that

we are truly a global marketplace dependent upon communication and information networks to conduct business.

In fact, I believe that telecommunications holds the key to our nation's ability to compete during the Information Age of the 21st Century. In the United States, our economy has become information based—over 50 percent of the jobs in this country today are dependent upon information. Because of the increasing importance of communications in the Information Age, many economists have labeled communications as one of America's strategic industries. John Keyworth, an analyst at the Hudson Institute, believes that the most important thing the U.S. can do for U.S. industry is to build an advanced, broadband, fiber optic, telecommunications network.

The deployment of national broadband fiber optic networks is the engine that will drive economic development in the future. In a report issued earlier this year, the Economic Strategy Institute concluded that the U.S. economy could gain between \$194 billion and \$321 billion in net new GNP add between 0.2 and 0.4 percent in annual productivity growth if we accelerate investment in advanced, broadband communications networks. If we don't move to implement such a network throughout the United States, we will risk falling behind our economic competitors.

If, however, our nation can develop a superior telecommunications infrastructure, we will be in an excellent position in the future to compete globally for new industry. Our ability to build and grow this network will be the deciding factor as to how we survive and prosper in the 21st Century.

Should you be confirmed as the Secretary of Commerce, I certainly hope that you will take a leading role in promoting the changes necessary to implement the communications infrastructure needed to compete in global markets. And I am anxious to hear your thoughts on this matter.

But attention to technological advancement is only part of the picture. We must also continue to expand upon traditionally strong American industries. For example, travel and tourism is the fastest growing industry in the U.S. today. In 1991 alone, travel and tourism expenditures in the U.S. were approximately \$352 billion, and the industry generated approximately 6 million jobs directly and 2.5 million jobs indirectly. In my home state of Montana, the tourism industry had an estimated \$2 billion impact on the state's economy in 1991.

Supporting and promoting tourism is just one area in which the Commerce Department can take an active role, and I am pleased to report that the "Tourism Policy and Export Promotion Act of 1992," which Senator Rockefeller and I introduced, was signed into law last October. As you may know, this legislation authorized funding for the United States Travel and Tourism Administration (USTTA) through 1996. An important, but often overlooked part of the Department of Commerce, I hope the USTTA will receive the attention it deserves should you be confirmed.

From telecommunications to tourism, the Commerce Department will be a key player in the effort to keep our nation competitive. Mr. Brown, I look forward to working with you to achieve this goal, and I look forward to hearing your thoughts. Thank you Mr. Chairman.

Senator BURNS. Mr. Brown, thank you for stepping forward in this job and thank you for dropping by the office. We had a nice visit, and we are not going to talk about harpoons today.

Most of my interests along this—you know, we do a wonderful job as representatives of our different constituencies of passing legislation, but we do not do a very good job of oversight to make sure that the intent of Congress is carried out, and we always send the Secretaries and Members of the Cabinet out there to fulfill what Congress wants to do and try to work that in with what the administration wants to do.

I deal mostly with the three T's—transportation, telecommunications, and tourism. I would just like—as we close in on the 21st century, and as we visited in our office, I still contend that we will continue to drive toward an industry which I think we will be the key to our success in industries for the United States and how we compete in the world market.

As you know, during the last Congress Senator Gore and I introduced legislation calling for the development of an advanced broadband telecommunications network, an infrastructure connecting

every home, hospital, education, schools, businesses, by the year 2015, and that was sort of outlined, because our international competitors were doing the same thing.

I would ask at this time, if confirmed, what would you do to promote American technology? More specifically, do you support and would you actively encourage the development of that broad band information highway that Vice President-elect Gore and I proposed in the last Congress?

Mr. BROWN. The answer is yes, Senator Burns. I am familiar with S. 1200 which was introduced by you and Vice President-elect Gore. I am fully supportive of the goals of that legislation and would support the achievement of those goals.

Senator BURNS. I would be interested, in respect to time and other Senators, if some day we could sit down and visit about this when it is convenient. We will let the dust settle, so to speak, all the folderol and the fallout, but I do appreciate your courtesy, and I look forward to working with you, because I am very optimistic about your taking over this very important area, and I think you will just do a great job, and I thank you for stepping forward.

Mr. Chairman, I yield.

The CHAIRMAN. Very good. Senator Kerry.

Senator KERRY. Thank you very much, Mr. Chairman.

First of all, I note—I am not sure with what result—that you did contribute to me, Mr. Brown. [Laughter.]

I am trying to figure out, though, whether that makes things better or worse with the chairman.

Senator DANFORTH. Are you going to recuse yourself?

Senator KERRY. On the other hand, it was such a minimal amount. [Laughter.]

I also note you had the good judgment to come here with Ralph Everett, so that might make up for everything.

Let me comment for the record, if I may, because I heard my good friend mention BCCI here. As the chairman of that investigation, I want to make it very clear to my colleagues that over the course of 4 years in not one deposition, in not one witness statement, in not one document, in not one allegation did the name of Ron Brown ever surface, and I think any mentioning of BCCI's representation by the firm with his name does a disservice to his own personal dissociation with that particular institution and that episode, so I think the record really ought to reflect that.

I would like to ask a question, if I may, sort of a three-pronged question, and I appreciate the visit we had. We talked about the fishery issues, and Senator Gorton has raised them. As we all know, the country is in trouble in terms of our manufacturing base. I think Germany and Japan both have about 30-plus percent of their people involved in manufacturing.

We are down in the teens, around 16 now, and in States like mine, which have a high dependency on technology and on brain power, there has been a diminishment in the force of growth or representation of this industry—the same in California, the same in Texas, and elsewhere.

Some people have posed questions to you, as they did during the campaign, juxtaposing a choice of environment or jobs, and it is

clear that the environment offers enormous potential for growth. So, I have a three-pronged question for you.

No. 1, Senator Gore and I and Senator Wirth were in Rio at the UNSET conference, and we were absolutely astonished to find only 35 American companies there versus 700 formally accredited from Japan alone. To me, that was an enormous failure of our Commerce Department, and there is in the environmental field—and I would like you to try to be somewhat specific, if you can—a huge opportunity, and I would like to know what your vision is for that particular sector.

The second part of the question is biotechnology. Many biotechnology companies have difficulty even finding space, because the capital requirements for the leasehold improvements they need to make are not bankable, but the return once they get into space and begin to do what they do is obviously enormous, and they need help in doing that. I would like to know what your vision is for that industry.

Third, the manufacturing extension centers that were a centerpiece of the Clinton campaign, we have many of them around the country now. We have some in Massachusetts, and it is my view that it would be better not to begin a new system but to build on the existing ones.

That clearly will involve investment in a computer network not dissimilar to what Senator Burns was talking about, and yet the budgets have obviously been reduced and there is a hard reality here of choices we need to make. In most of these cases, investment is going to be necessary.

So, I would like to know what your vision is with some specificity, if you can share it with us, for each of these three sectors of technology and for the budget implications therefor.

Mr. BROWN. Senator, you are absolutely correct, we have to make some hard choices. I think one of the greatest opportunities for economic growth in our country is in the high-technology, biotechnology, new technology area. I think we are not using our resourcing capabilities as well as we should.

Take NOAA, for example. NOAA has the ability to put us on the cutting edge of technological development in the area of the environment, commercializing and exporting, creating more jobs for our own people. We have not used it that way as effectively as we can.

In the biotechnology area, as you know I have spent some time with some of those corporate executives and employees because I wanted to learn more and know more about those opportunities. I think we have to take a look at some things I am going to have to be talking to Secretary-designate Bentsen about. They all talked about things like patient capital not being able to generate the kind of capital that is needed to develop those technologies, because investors under our tax code want everything quick. They want a quick turnaround. They do not want to wait 3, 5, or 7 years for a return, and that is often what it takes.

I think we have to find ways to move more quickly from the germination of an idea to how we commercialize that idea. They have done that in the computer area rather well over the last several years. Where it used to be about 3 years from the germination of an idea to putting it to market, now it is sometimes as short as

7, 8, or 9 months, and I think we can cause those to be models which we then duplicate in other industries.

I think the area of manufacturing centers is one that I made reference to. They have come to be known in recent years as the Hollings centers. As you know, President-elect Clinton, during the campaign, talked about a vast expansion of those centers as a way to put technology where it could be used for job creation—that is with small businesses which would not have the ability to get this new technology otherwise.

We have talked about significant expansion of the advanced technology program. Those grants, and the great thing about those grants, is that ideas come from the private sector. Then there is funding from both Government and the private sector. They are competitively bid, so you get the best ideas coming through a system that has the Government and the private sector working together.

I think there are a number of ways, Senator, that we can be more creative in all those areas. I certainly have not thought of them all yet. I am going to be putting my efforts and the best efforts of the team I plan to assemble at Commerce, which is going to be a top notch team, thinking about those things and sitting with people who are on the cutting edge.

We cannot just talk to ourselves. We have got to get outside of Washington and talk to people who are really doing things, developing the technologies and new opportunities in the area of biotechnology. That is the way I intend to move, to not be afraid to listen, to not be afraid to bring in people and sit them at the table.

Others might say, oh, why do you want to listen to this person? He has never done anything before. Some of the best ideas come from people who are doing it for the first time.

So, I think we can do a better job to make sure that we in fact are on the cutting edge. And, I know that much is going on in your State.

Involvement with universities. I mentioned to Senator Hollings earlier that one of the first things I did was go out to Silicon Valley. I also went to Stanford and talked to some of the scientists. I want to visit MIT and Harvard and talk to some of the scientists there who are developing new ways for us to serve our Nation and our people and the world more effectively.

Senator KERRY. I appreciate that, and we talked about that, and I look forward to helping you set up that gathering as soon as possible. Could I just ask one—no, my time is up. We have a meeting we have to both go to, so if I go later I will keep him.

The CHAIRMAN. Very good. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman. Thank you, Mr. Brown, for appearing before the committee in such a forthright and frankly impressive fashion that I think displays clearly why you have had such a successful career and why we can look forward with some optimism to you doing an outstanding job in this very, very important position to which you have been nominated, which I am sure that you will be confirmed to.

I was reading some of your written responses to the committee, and one of the questions from the committee stated, in recent years interpretations of ethics and advisory committee laws have made

it increasingly hard for American industry leaders to provide confidential advice to and share sensitive business information with Department of Commerce officials.

In your response, you said the Clinton-Gore statement on technology policy notes that a number of laws and regulations have acted as obstacles to closer cooperation between business and Government. These laws include the Freedom of Information Act, the Federal Advisory Committee Act, and conflict of interest regulations. Does this mean that we can expect some proposed changes to those laws emanating from you or the administration, Mr. Brown?

Mr. BROWN. I think it means, Senator, we have got to take a hard look. I support those laws fully. As I responded to an earlier question, Senator, I think you have to make adaptations. You have to respond to the times in which you live.

There are a lot of things that have taken place in technology that we could not have predicted, and we have all said that it is important for us not only to be competitive but to lead in new technology, and I think we need to look at those things which inhibit our growth and our leadership in that field, and I think those things that you mentioned as to their impact on the development of new technologies is one of the areas we need to explore.

Senator MCCAIN. I take it your answer is maybe.

Mr. BROWN. The answer is, we ought to take a hard look, Senator.

Senator MCCAIN. Thank you.

As I say, I think you have been very forthcoming in your responses to the committee. There is one exception that in my view, and that is your answer concerning product liability. You stated in your answer, it would be premature for me to take a position on this issue until I have studied the evidence carefully and had the opportunity to discuss it with the President-elect.

Mr. Brown, you have represented numerous corporations and companies and people who are in the manufacturing business. Surely you must have heard from them their concern with an absolute requirement for product liability reform if they intend to compete with our foreign competitors. Have you not heard from them on that issue?

Mr. BROWN. I certainly have heard from that perspective, Senator. I have also heard from other perspectives, Senator including a number of members of this committee.

Senator MCCAIN. Well, let us depart from opinions here for a second. You are aware that the reciprocating engine industry in America is defunct, over, finished, done. You are aware of that.

Mr. BROWN. Yes, I am.

Senator MCCAIN. Forty percent of the cost of building a reciprocating engine in an aircraft is devoted to product liability cost and expenses. Are you aware of that?

Mr. BROWN. I was not aware of those figures, Senator.

Senator MCCAIN. Well, that is the case. I hope you will take my word for it.

The fact is that aircraft product liability reform, which is a narrow aspect of overall product liability reform, has been attempting to go through this committee and through the Congress of the

United States for a long, long time, especially under the leadership of my colleague from Kansas, Mrs. Kassebaum, who has seen industries in her State devastated, unable to compete with foreign manufacturers in the reciprocating engine business, and every single one of those people will tell you that it is because of product liability.

If you and I went out tomorrow and rented a Stearman and it crashed and there was a part from it that was made back in the 1930's that failed, if we could track down the company, they would be liable for it. It cries out for reform.

People like Mr. Borman, the former astronaut, testified before this committee, a man who—I think former head of Eastern Airlines—testified passionately that we have to have aircraft product liability reform.

I hope, Mr. Brown, in your new role and very important responsibilities, that you will not neglect this aspect of the enormous impact that product liability has on our ability to compete.

We can set up all the high-technology industries and all the Hollings centers, or named after any other distinguished Member of Congress, but the fact is that we are not going to compete unless we get some kind of reform in this business, and I hope that you will give that serious consideration.

I do not say that from a personal opinion. I say that after years of involvement, especially in the aviation industry, which has been destroyed—not only the industry itself, but the ability of young men and women to learn to fly airplanes because of the enormous costs associated with it.

So, I hope you will give that some serious consideration, because I do not see a way out of that competitiveness problem unless that is part of the solution.

I thank you again for your indulgence to that tirade, and I would like to hear any response you might have.

Mr. BROWN. It was not a tirade, Senator. I certainly understand the depth of your feeling about that issue. I understand the depth of the feeling on both sides of that issue.

I was not intending to duck it. It is a matter that President-elect Clinton has not indicated his view on yet, and I certainly would want to discuss it with him, that your concerns will certainly be taken into consideration. I have heard them well today.

Senator MCCAIN. Thank you. I wish you every success and I look forward to working with you in the coming years. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Mr. Brown, I just recently had lunch with Von Kunheim, the chairman of the board of BMW from Munich, Germany. And I always take an opportunity, since it has been an issue of concern before this committee, to ask what about product liability.

He says, what's that, product liability? He said, we're not concerned about product liability. We're satisfied with the State of South Carolina and the way they do business. I take it they're satisfied up in New Jersey with that law, in that State.

It's been a State function in the tort field, but we have been misled with respect to the competitiveness feature of tort law. Specifically, I have 45 Japanese industries and over 100 German indus-

tries in South Carolina. I continue to work on attracting them there. I have never, never had one of them ever mention product liability.

They are glad to come and they tell me how competitive and productive the workers are and never have mentioned product liability. I mention it.

I saw Bosch over the holidays. They are, incidentally, a German firm that makes antilock brake systems. They just obtained a 10-year contract for all of General Motors cars. And going through Bosch, I asked, what about product liability?

I was told, Senator, we have never had a product liability claim. If we did, we would know where something went wrong. We have a serial number on every one of those antilock brakes and we can trace it.

And I wish this audience could see what product liability has done to the quality of production as well as the safety of lives. There is a total misnomer about our lack of competitiveness on account of product liability. The European Economic Community, in January of this year, is adopting our approach. Enough said.

A little bit of housekeeping on my time for the second go-around. First, with respect to conveying the appearance of a conflict, I think at this time we will make, as part of the record, your letter of recusal, and a four-page letter from the U.S. Department of Commerce, Office of General Counsel. We have a longer recusal letter for the present Secretary of Commerce, the Honorable Barbara Franklin.¹ She had many pages and no questions were ever asked and no one ever got the wrong message about Secretary Franklin.

I just want to make that part of the record. I also want to discuss the FBI. When I read that story about Mr. Bourke of the FBI saying that they were being pressured, I talked with Judge Sessions. He was embarrassed by that statement, because he said, we have not been pressured. We have had sufficient time and we have the FBI report and it has been made available to Members. So, I can clear that one up.

With respect to the matter of Government being the enemy, that is what we were told at Commerce for the past 12 years, that Government was the enemy of industry. That is why we had the Hollings' manufacturing centers funded of, a pittance, \$17 million, whereas John Young of Hewlett-Packard, John Scully of Apple said, we ought to have 170 centers. Now the reason the manufacturing centers have been held back is because everybody in the business has been told by us in Washington that the Government was the enemy. We did not want to have an industrial policy of picking winners and losers. We could not have any Government participation whatsoever.

And I think the big change was down in Little Rock, when you saw at the economic conference, academia, industry, the leadership of this Nation, some 371 coming in saying, we think the Government ought to be doing this.

¹The committee retains in its files for review by the members additional materials regarding Secretary Franklin's undertakings to address any financial conflict-of-interest issues.

John Adams said the declaration of hostility by a people to a Government produced by themselves and conducted by themselves is an insult. And we have got to get off that bit.

That is the big change with the Clinton administration. The Government is a friend. We are going to make it work, make it work efficiently and economically.

And I think now that my time is up, I will yield to our distinguished ranking member.

Senator DANFORTH. Yes, the Government is a friend and the check is in the mail are two of the great slogans.

Mr. Brown, I want to raise with you a concern that I raised with you in my office yesterday. I believe that the new ethics rules that have been promulgated by the incoming administration are a major blunder. I think that the effect of these rules will be to hurt Government, to hurt your Department and the operation of your Department and to provide a trap which will be very embarrassing to people after they leave Government.

I spoke with you about that yesterday. And I just want to give a couple of examples of my concern. One of the proposed rules has to do with trade negotiators. The definition of trade negotiators does not apply only to people at USTR. It applies to people scattered around the Government. I think it would cover a number of people in the Commerce Department, perhaps even the Secretary of Commerce.

The rule says that if a person falls within the definition of trade negotiator, then for 5 years that person cannot represent or even advise a foreign business entity with the intent of affecting or influencing what goes on anywhere in the executive branch.

As an example, if there is somebody in the Commerce Department, under this rule, who is advising or participating with respect to textile negotiations with Japan, that person for a period of 5 years could not be hired by say a Canadian business in the matter before the Federal Communications Commission.

In other words, the preclusion does not necessarily have to do with what the person was negotiating. It has to do with anything that comes before the Government.

I think that it's going to be very hard to get competent people doing anything related to trade negotiations under this rule. I also think that people are going to start looking for loopholes. And when the loopholes are found, even if the loopholes are valid, they will be then pilloried. Their reputations will be ruined after the fact.

Let me just give you one example of that. I am not clear—maybe you can help me—whether the new ethics rules which prohibit trade negotiators from representing foreign businesses apply to representation of U.S. subsidiaries of foreign businesses. Do you know whether they do or not?

Mr. BROWN. I don't Senator. My understanding is that it is FARA registerable activity. As you know, Senator, the rules have not been promulgated yet. We have committed to signing a pledge, but there's been no promulgation of the rules as yet.

Senator DANFORTH. I do not think it is registerable. I think that that is a different part of these prohibitions. I think that the way this particular prohibition relates, it is if you are participating in any kind of trade negotiation, say NAFTA or anything that is going

on, then for 5 years you cannot represent any foreign business entity and maybe any U.S. subsidiary of a foreign business entity.

If the U.S. subsidiaries are out, that really would be viewed as a loophole I think. I think that it may be a good loophole, but it would be a loophole.

Before any Government agency, even one that is totally unrelated to trade. I simply want to point that out because to me it is a blunder. It is not ethics. It's an effort to appear to be doing something that is very ethical, but instead is just a very, very tight rule that is going to end up either trapping people or keeping them out of government in the first place.

Let me give you another example. The prohibition against lobbying the Department from which you came. This is not the trade negotiator part.

There was a person who was on my staff, a very able key person on my staff, named Susan Schwab. She is now the Assistant Secretary and the Director General of the U.S. and Foreign Commercial Service. From all accounts she is doing an outstanding job. I am not sure what she is going to do when she leaves the Department at the end of this administration.

But let us suppose, just hypothetically, that somebody 2, 3 years from now said, look, I want to try to do business abroad. I am a small business person. I want to do business abroad. Can you help me? Can you give me advice?

Sue Schwab calls up the U.S. and Foreign Commercial Service and says, here is Joe Doaks, and they are interested in selling in you know, Japan or wherever, and can you get on the case? What is unethical about that? Can you tell me?

Mr. BROWN. Senator, you expressed your concerns to me yesterday, as you indicated. I know that there are many who share your concerns.

I said to you at that time that I wouldn't be sitting before you today if I didn't support President-elect Clinton's approach to making ethics a major factor and to creating what he feels to be more stringent but appropriate standards.

I have agreed to sign that pledge. I indicated to you yesterday that I certainly respected your view and I knew it was a view held by many others.

Senator DANFORTH. I know my time is up. But I just really wanted to ask you a couple of things. Will you examine the rule and the drafting of the rule and the application of the rule before it is put into effect? And if I am correct in my analysis, will you at least call that to the attention of the incoming administration?

And second, if it turns out that these ethics rules do have an effect, especially on our ability to do trade policy and trade negotiations—because that is under Article I of the Constitution, a responsibility of the legislative branch ultimately—would you then call that to the attention of Congress after the fact?

Mr. BROWN. You certainly have my commitment that I will examine the rule before it's promulgated and voice concerns that I have, if any, to the President-elect.

Senator DANFORTH. And if it turns out that it is having a negative effect once in power, would you then call that to the attention of—

Mr. BROWN. I certainly will be very concerned about the impact that it has on the Department of Commerce and on trade negotiations, making sure that we have the best possible people we can. My present view is that we will not be inhibited in recruiting the best possible trade negotiators that are available.

Senator DANFORTH. And if you are wrong, would you let us know?

Mr. BROWN. I certainly will let you know, Senator.

Senator DANFORTH. OK.

The CHAIRMAN. Senator Exxon is gone. Next is Senator Lott.

Senator LOTT. Thank you, Mr. Chairman. As you understand it, Mr. Brown, what is the crux of this pledge that you will sign as it applies to you?

Mr. BROWN. Well, there are two pieces of it, Senator. One is the piece that Senator Durenberger was just talking about. There is also the representation of foreign governments.

Senator LOTT. You mean Senator Danforth?

Mr. BROWN. I'm sorry. Did I say Durenberger? I meant Danforth. I apologize.

The other is the foreign government representation, which is a lifetime ban. And the third has to do with lobbying the agency from which you depart. Those are the three basic pieces.

Senator LOTT. I noticed yesterday—and I do not know whether this is correct or not, so I want to ask you if it is correct and then why if it is true—that you are seeking a conflict-of-interest waiver which would allow you to participate in matters dealing with the Boston Bank of Commerce, Harmon International, and two other companies.

What two other companies? Is that accurate and why would you ask for that waiver?

Mr. BROWN. I don't believe the letter that I have mentions two other unmentioned companies.

Senator LOTT. So, just then the waiver would be applicable to the Boston Bank of Commerce and Harmon International? Is that—

Mr. BROWN. I'll have to make reference to the letter itself. I have it in front of me. The other companies are mentioned in my letter from the General Counsel's office.

Senator LOTT. They are mentioned?

Mr. BROWN. Yes.

Senator LOTT. What are the other two?

Mr. BROWN. The letter, I thought all committee members had.

Senator LOTT. So, it is the Kellee Communications and Pebsco Municipal Securities Corp. Why are you asking for a waiver on those?

Mr. BROWN. Because I don't—first of all, my holdings I would consider insignificant, very small. I don't think they're going to have an impact on my ability to perform as Secretary of Commerce.

I've also said, as you would note in the letter, that if a waiver is not granted, I will divest my interest in those companies.

Senator LOTT. So, the principal reason is that your involvement and your holdings are such a small amount—

Mr. BROWN. It's insignificant. I'm not on the board of directors, have no management responsibility.

Senator LOTT. Right. With regard to the Chemfix matter that you discussed briefly earlier today with Senator Breaux, as I understand it now, you were on the board for about 10 years.

Mr. BROWN. Yes, about 10 years.

Senator LOTT. Your law firm did or does represent them?

Mr. BROWN. I assume it still does. It did. It represented Chemfix before I became a partner.

Senator LOTT. Oh, so, it is really the firm. Were you involved as counsel?

Mr. BROWN. I wasn't involved as counsel.

Senator LOTT. To your knowledge, is there any ongoing investigation—

Mr. BROWN. To my knowledge, there's no ongoing investigation.

Senator LOTT. You know, when I went through a chronology here, a time line, if you will, perhaps there were a lot of coincidences here, I did not see where there was a major problem. But, as I understand it, in April 1990, there was a Houston broker that issued a buy recommendation for the Chemfix stock and that led to allegations of insider trading.

But I believe you said you had no knowledge of that.

Mr. BROWN. Not only do I have no knowledge of it, Senator, as I understand it, the investigation was of the Environmental Protection Agency in New York. The insider information supposedly came from them, not from Chemfix.

Senator LOTT. Then, as I understand it, in April, also of 1990—and this is a technical point and maybe it is important. It was announced that a contract was going to be awarded by New York City to Chemfix for this sludge matter. It was not actually signed and as a result of negotiations, after a period of time it never happened.

Is that correct? Was it announced on April 23, 1990?

Mr. BROWN. I don't believe that to be correct. I don't think any award of a contract was ever announced. My understanding was that there were finalists. Evidently, someone in the Environmental Protection Agency in New York told someone that Chemfix was the leading candidate. But to my knowledge, no announcement of an award of a contract was ever made.

And as I indicated, as you noted, I had no involvement in it no matter who announced it or when they announced it.

Senator LOTT. Now you did have some stock in this company, \$16,000 at some point, maybe more at some other point.

Mr. BROWN. Yes.

Senator LOTT. You did have some sort of transaction in July 1990. As I understand it you bought an additional \$5,000 shares of that stock. Is that correct?

Mr. BROWN. That's correct.

Senator LOTT. But you did not have any inside information on any contract or anything that—

Mr. BROWN. Senator, the record ought to show, as I think you know, that I didn't just run out and buy the stock. It's publicly traded stock. I had a stock option which was to expire. My normal business practice is to wait until close to the expiration date, like most business people do and you look at your option price. You look at the price the stock is selling at, and you see whether it makes sense to buy it.

At that time, it made sense to buy it. At that time, and up until very recently when my pension plan sold some Chemfix that it held without my knowledge, I have never been involved in any selling transaction of Chemfix stock. Therefore, I have never profited \$1 for any Chemfix stock transaction. As a matter of fact, I have lost money.

Senator LOTT. I was fixing to make that point. I think it might be of interest to note just from looking at the transactions and the money involved and the present value of the stock and so forth, it would appear to me that you have not benefited from it. [Laughter.]

Mr. BROWN. Just the opposite. Most of the investment decisions have been good ones. That was not a good one, Senator Lott.

Senator LOTT. I do understand this firm has had some problems, where it has had contracts, perhaps Los Angeles, perhaps other cities. Are you aware of that? Were you aware of that?

Mr. BROWN. I'm aware of some of them, Senator. I don't think there's any waste disposal or sludge treatment company in American that hasn't had some troubles somewhere. It's a very difficult business, as you know. It's one of the major problems in environmental protection in America. And I would hope that those kinds of problems would be solved or solutions would be found for them. I think it will be a while before they are.

Senator LOTT. Is there any particular reason why you resigned earlier this year?

Mr. BROWN. No, as a matter of fact, resigned is not the precise terminology, Senator. As you know, directors of public corporations are elected by the stockholders. I chose not to stand for reelection in January.

Senator LOTT. With regard to the BCCI matter, as I understand that, there are two key points here from your standpoint. One, that the firm, Patton, Boggs & Blow, has not always been the counsel for BCCI. When did they become counsel? Was it not it after a lot of these—

Mr. BROWN. I really can't answer that question, Senator. I was not involved with that matter at all. I didn't even know the firm was representing BCCI until I read it in the newspaper.

Senator LOTT. You were never in any way—

Mr. BROWN. I never met the principals, didn't know anything about it, was never involved in it, as Senator Kerry has indicated. He was on the Senate Foreign Relations Committee that investigated the matter for 4 years and indicated on the record that my name has never come up in that matter.

And Patton, Boggs, as a firm, was only peripherally involved.

Senator LOTT. With regard to your representation of Haiti and the fact that that country was run by Duvalier, who certainly had a very bad reputation in terms of human rights violations and the systematic torture and alleged, I guess, killing of political opponents and rampant corruption and all that; I believe you said on the record that you felt very strongly about that conduct.

And I want to give you an opportunity again to state that. It is obvious that there are people that would say, "Well, why in the world would he represent these people?" Now, you say you represented the country and not the dictator of that country. But the

connection is awfully close there. And I know you must have been uncomfortable with the conduct that was going on in country at that time.

So, because it has been in the public domain and so much has been written about it, I think it is important that you put on the record here how you were able to comfortably represent a dictator with this kind of conduct going on in that country.

Mr. BROWN. I'd be glad to, Senator. As you indicated, it was put on the record earlier in response, I think, to Senator Breaux' questions, but I'd be glad to go over it again.

I think I did a good job of representation. Senator Hollings said earlier, lawyers represent a whole variety of clients, some of them unsavory. Lawyers represent environmental polluters. Criminal lawyers represent people who have done dastardly things.

I felt that I could make a difference in Haiti. And I honestly believe that I did. I think there was an improvement in the human rights situation while I was representing them. And I think what happened in the country's relationship with the American Government proves that. Certification for participation in Caribbean Basin initiative wasn't easy. It could take place only if some real changes were made.

I indicated earlier and I feel that today, there weren't enough changes. They weren't moving fast enough. I wish there had been more progress. But I think progress was made during the time that I represented that government. I worked very closely with our State Department.

And you can see from my foreign agent registration reports, I had frequent meetings with the State Department, frequent meetings with American Ambassadors. I think I did a good job for my client. I also think I did a good job for American interests.

Senator LOTT. Did you have anything to do in any way with the Duvalier family being removed and taken to France?

Mr. BROWN. I was involved in those negotiations, Senator.

Senator LOTT. Thank you for the time, Mr. Chairman.

The CHAIRMAN. Senator Pressler.

Senator PRESSLER. Thank you very much. I noted that you valued the partnership of your law firm at over \$1 million. Does that mean you get paid \$1 million or someone comes into the partnership, buys it—

Mr. BROWN. Senator, I was told that the information on my financial disclosure statements was confidential. I certainly have a partnership interest. I certainly will receive the value of that partnership interest when I leave the law firm.

Senator PRESSLER. OK. I am just reading from the National Journal's Congress Daily.

Mr. BROWN. That's how confidential it was. [Laughter.]

Senator PRESSLER. It is in the public domain. I just did not know how that worked and I—

Mr. BROWN. It means I own a share of the partnership and that share has a value and yes, I will—that share will be removed when I leave the firm.

Senator PRESSLER. You are paid that much.

Mr. BROWN. Yes.

Senator PRESSLER. Let me ask you some questions on Native Americans. I, each year, have a meeting with my tribal chairmen. We have a terrible time developing jobs on our reservations in South Dakota.

And throughout the Nation there has been gaming laws, gambling, that have been approved under the 1989 Gaming Act for Indian reservations. I am not very pleased with some of the developments that have occurred, but this is their main source of new revenue.

Do you have a comprehensive plan for working with Native Americans in terms of business development?

Mr. BROWN. I don't have a comprehensive plan yet, Senator Pressler, but it certainly will be an area of sensitivity and concern by the Department of Commerce under my leadership.

In my present role which I am about to leave as chairman of the Democratic Party, we spent a lot of time reaching out to Native American communities. And I would expect that we'll continue to do that in my new role as Secretary of Commerce.

Senator PRESSLER. Let me return to the subject of Haiti. No doubt you will be counseled by the President as to what to do on the refugee situation and what to do in general with Haiti in the forthcoming months. What will your advice be?

Mr. BROWN. Well, Senator, his principal counsel will be from Warren Christopher, the Secretary of State-designate and his other foreign policy advisors. I would hope since I've had a good deal of experience and have a great love for the country and the people of Haiti that my advice will be sought. But I prefer to give that advice directly to President-elect Clinton.

Senator PRESSLER. So, you do not really have a view on that?

Mr. BROWN. I did not say I didn't have a view, Senator. I said I'd like to share that first with the President-elect, and I haven't had the opportunity to do that yet.

Senator PRESSLER. Because I have been concerned. We are doing things in Somalia. We are building roads and bridges and so forth. In Haiti, we really have an interest there and I think your input will be very—will certainly be sought.

By the way, I respect very much confidentiality of documents. The document I read from is from National Journal's Congress Daily. I will put that in the record at this point if I could.

Mr. BROWN. Thank you.

[The information referred to follows:]

[Congress Daily, January 5, 1993]

PRESIDENTIAL TRANSITION—BROWN VOWS TO CUT TIES TO PATTON, BOGGS & BLOW

In financial disclosures filed today, Commerce Secretary-designate Ronald Brown promised to cut his ties with Patton, Boggs & Blow, the powerful Washington law firm of which he has been a part of since 1981. While serving as Democratic National Committee chairman during the last four years, Brown—whose confirmation hearings open Wednesday before the Senate Commerce Committee—retained his partnership in the firm. But, if confirmed for the Cabinet post, Brown has promised to give up his lucrative partnership and terminate his financial interests in the firm, as well as have no dealing with the firm during his first year in office. Commerce Department Assistant General Counsel Barbara Fredericks wrote Commerce Chairman Hollings saying the steps Brown has agreed to take "should present no impediment under [the law] and related regulations to the execution of his duties as Secretary." According to Brown's financial disclosure, his law partnership paid

him \$580,000 in income in 1992. He valued the partnership at over \$1 million and his DNC salary was \$89,000 in 1992.

According to the Commerce Office of General Counsel, Brown also agreed to resign seats on corporate boards and convert his financial holdings in profit and non-profit entities into a diversified investment designed to prevent conflicts of interests. he will disqualify himself from partaking "in any matter" dealing with Albimar Communications, Capital PEBSCO and First International Communications, as well as several other financial interests in which he has a stake. Brown has also agreed—due to his involvement with a company with large dealings with the District of Columbia—not to engage in any matter concerning the District while Commerce Secretary. He is seeking a conflict of interest waiver allowing him to participate in matters dealing with Boston Bank of Commerce, Harmon International and two other companies.

On a related front, Senator Trent Lott, R-Miss., today labeled as "total baloney" suggestions that Republicans are looking to get even for the Senate's refusal in 1989 to confirm former Senator John Tower, R-Texas, as President Bush's Defense Secretary. At a news conference, Lott declared that while GOP Senators will ask tough questions at confirmation hearings that begin Wednesday for President-elect Clinton's Cabinet nominees: "We're certainly not out with a hatchet to get anybody * * * We have no plan to have hitmen. I am not a hitman." Still, he said Republicans have heard lots of "rumors [and] allegations" about some nominees which they will investigate. He also expressed concern that the FBI may not have had adequate time to do its standard background investigations and suggested some confirmation hearings may have to be delayed or that nominees may be recalled later once the background checks are done.

The CHAIRMAN. Senator Rockefeller.

Senator ROCKEFELLER. I think we are about out of time here. Mr. Brown, just two quick questions. First of all, I think every part of your response and the nature in which you have responded has represented what I said at the beginning; aggressive, very clear, very concise and a determination to make a difference in this job.

I think you have a passion to do this job with excellence. And as I said at the beginning, I think the Department of Commerce always has been potentially a very powerful agency, but it has not been allowed to be because it has not had the kind of leadership which I think you are going to apply to it.

Nobody said anything about export promotion. And I just want to—I will not ask you a question, because we literally do not have time for it. But there is a new trade promotion coordinating committee, which I helped get passed last year.

You, in your opening statement, or in some of your remarks, indicated there are 19 different agencies that have some jurisdiction over export promotion. I think it is 16. The point is, it is ridiculous, because they have no coordination.

Agriculture is 10 percent of our exports. It represents 1 percent of our population. It represents 74 percent of what the Federal Government spends on export promotion. That is absurd.

If we spent just one-third as much on manufacturing, for example, what could be the future of manufacturing? You, I hope, will take the TPCC and your chairmanship of it seriously, and get a unified budget for export promotion which reflects the Clinton administration's priorities.

And finally, just a word on something that Senator Danforth mentioned but not substantively, the U.S. and Foreign Commercial Service. I think that in my State we rank No. 5 in the country per capita in terms of exports. We could be doing 3 times as much. Because our people are not on one of the water lines, we are not generally internationally inclined.

We have the U.S. Foreign and Commercial Service, which you will preside over, with some excellent people in our State. We have all kinds of people doing business that do not have access to capital, who do not know that they could be exporting overseas and do not know what their opportunities are. And nobody is telling them what they might be.

So, the whole concept of taking the U.S. Foreign and Commercial Service, particularly our stateside operation of that and putting pressure on the Export-Import Bank which focuses much of its lending to the largest corporations in this country, paying inadequate attention to small- and medium-sized businesses, I think is an area where you can exert a lot of influence—even if we cannot get the Export-Import Bank into the Department of Commerce as I have proposed. Businesses cannot get financing.

And my last point would be something that Senator Hollings is very interested in. And that is that small businesses, small entrepreneurs cannot get financing. Banks will not lend to them. They have got to see a finished or successful product.

It used to be a good idea, you could borrow some money. Some of us have proposed legislation which would set up an advanced technology consortium, a private consortium with some Federal money and some private money, but it would all be run by private people to lend money to entrepreneurs doing work in critical technologies—DOD, Department of Commerce, certified critical technologies.

I hope very much that this legislation will meet with your favor, because I think it is important DOD and Commerce agree on what the critical technologies are in this country on what to do about them. It just happens that our private sector, to some degree, and our Government, almost entirely, are ignoring those critical technologies to our great disadvantage.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Mr. Brown, as I understand it, the Clinton pledge requires you to refrain from lobbying the Department for 5 years after leaving office. Now, my colleague, Senator Danforth, takes a different view perhaps than I do.

I have some of the same misgivings in a way, but then we have a history of Government officials going to work for foreign countries. Ambassador Eberle who was the special trade representative, later represented foreign entities. And we know from Pat Choate, who has appeared before this committee that Ambassador Brock, Ambassador Strauss, and other special trade representatives went on in private practice with their firms to represent foreign entities.

That revolving door has become one of the reasons for the mistrust of Government in Washington. We have got a lot of work to do at the Government level here in Washington to reestablish that trust. But I would hope that the media would help us along that line.

I am a professional, having been in politics for 40 years and coming up now for my sixth oath of office in the U.S. Senate. And the first day of the 103d Congress was a series of discussions on who was charged in the House, who was being investigated in the Senate. I thought I was coming to criminal court.

And then the next half hour, in a discussion of campaign finance, they talked about lobbyists and they intermittently mingled that with bribes, bribes, bribes, bribes. No mention of the first amendment or the right of the people to petition their Government for redress of grievances.

There is no balance to this thing. Our work is to limit those contributions and limit that spending. If we will go along with my constitutional amendment, we need only one line: "that the United States is hereby empowered to control expenditures in Federal elections."

I have got bipartisan, majority support in the Senate, but it has been filibustered and I needed 60 votes to stop the filibuster.

But the proof of the pudding has been remarkable. Here we have got Robert Rubin, who is coming in as a national economic counsel chairman, the head of Goldman Sachs; Roger Altman, coming in as the Deputy Secretary of Treasury; one of the best investment bankers in the country at this time; Warren Christopher; Mickey Kantor, working at prestigious law firms out there on the west coast.

And all we have got to do is go down to Governor Riley's office at the transition and there are miles of résumés. It is not deterring good people.

I also ought to make the record clear that you are still the poorest that has ever appeared before us for the Secretaryship. [Laughter.]

I want to yield my time.

Senator Danforth.

Senator DANFORTH. Yes. I have an idea of a few other areas that I would like to cover. I do not know if Mr. Brown would, at some point, like to take a break.

Mr. BROWN. I'm fine. Thank you, Senator Danforth.

Senator DANFORTH. Back to the point about the ethics rules. If you fell within the definition of a trade negotiator and you well might, because most Secretaries of Commerce do travel around and negotiate with people in other countries, then you left the Commerce Department and you went into the practice of law.

And say a British company was to hire you to represent them with respect to a matter that had nothing at all to do with the Commerce Department. Would you consider your representation of them to be in any way unethical?

Mr. BROWN. Senator Danforth, I have made an absolute commitment to give all of my energies to be the best Secretary of Commerce I can be. I have given no thought to what I am going to do when I leave Government.

Senator DANFORTH. I know. But I am just, I am asking you only a hypothetical. I mean, I would not think that 3 years from now or 4 years from now, you would be turned into an unethical person if let's say, Philips Electric, were to hire you for some matter that pertained somewhere to the Federal Government but not at all to any responsibility you had in the Commerce Department.

Mr. BROWN. Senator Danforth, I will never be an unethical person, whether there are rules or no rules. I have agreed to abide by the rules that President-elect Clinton is going to set. I don't know

whether the rules that you just indicated you expected would be promulgated are going to affect me or not.

Notwithstanding whether they affect me or not, I've agreed to take on this challenge and this opportunity.

Senator DANFORTH. I know and I appreciate that. And I think, as Senator Hollings does, that it is really wonderful that people are willing to make sacrifices.

But my point is that the existence of such a rule, if it is onerous, and if it has nothing to do with whether or not you are an ethical person, is not something that should be—that we should just have happen without thinking about it.

Mr. BROWN. I agree, Senator. And when you were asking your questions in the earlier round, I indicated that I would take a good look at the rules before they're promulgated. If I agreed with your concerns, I certainly would make those concerns known to the President-elect.

Senator DANFORTH. OK. I want to ask you about trade policy and the thoughts that you have about trade policy.

I guess the baldest way to ask it is to ask if you are a protectionist?

Mr. BROWN. I am not a protectionist. I indicated, I think, in my opening remarks and in my responses to questions, that my job is to promote American business, to promote American exports, and I take that job very seriously.

Senator DANFORTH. Well, there is an article in the business section of today's Washington Post that says that the chairmen of the big three U.S. car companies intend to press President-elect Clinton for new policies and regulations to reduce Japanese automobile imports at a meeting today in Little Rock.

And it goes on to say that one of the requests will be to require cars assembled by Japanese companies in this country to have a high percentage of U.S.-made components and other content to qualify as domestic vehicles. And then it further goes on to say that an industry source said a significant reduction in Japanese imports is a front burner issue.

What is your feeling about that article? Do you basically share the concern of the auto industry and think that there should be a significant reduction of Japanese imports. Do you think that in beleaguered U.S. industries we should try to keep out imports from other countries, or do you think trade policy should lead us in a different direction?

Mr. BROWN. Well, I have not read the article, Senator, but let me be clear. I think there is reason for concern about the erosion of our manufacturing base. I think you cannot be a world-class economy if you allow your manufacturing base to be totally eroded. I think we have not paid enough attention to that. I do not think that is protectionism; I think that that is common sense. It means jobs.

It also, I think, should be noted that most of the research and development in America comes from the manufacturing sector. That is where it gets done, that is where we get on the cutting edge of new technologies. So, I think there are matters for concern. I am not ready at this point to indicate whether I agree with certain proposals that might be on the table.

Senator DANFORTH. Well as a general principle, not asking you about any specific proposal on the table, but would you consider excluding imports into this country to be one of the tools to protect our manufacturing base?

Mr. BROWN. Well, Senator, what I am for is enforcing the laws that we have. I do not believe we need new laws in this regard. I think our antidumping and countervailing duty laws that are on the books now are good. I think we have sometimes been lackadaisical in their enforcement, so I am for strong enforcement of our present laws.

Senator DANFORTH. Which would, to me, be one way of saying that the approach that is indicated that the auto companies are taking would be one that you would disagree with. In other words, as I understand it they are asking for, as the article says, new policies and regulations to reduce Japanese automobile imports.

Mr. BROWN. Well, a new policy could be to do a better job enforcing the laws that are on the books. And in many respects I think some could argue that that would be a new policy for our country.

Senator DANFORTH. I agree with that. I mean that is—you are singing my song now. But I just want to make it clear that your view really is one that would emphasize enforcement. I might say that many times that enforcement is going to be opposed by the State Department, it is going to be opposed by the Council of Economic Advisers, it is going to be opposed by the Treasury Department.

But your view is that you do want to enforce international agreements and you do want to enforce trade laws, but as I understand what you are saying, new policies that would be restrictive with respect to imports would be policies that you would not be inclined to support.

Mr. BROWN. Well, I would never want to go that far, Senator. I would always want to look at the content of those policies, what they do and what impact they have. My present position is, I think, that we ought to enforce our present laws.

The CHAIRMAN. Senator Pressler.

Senator PRESSLER. I just have one more question, and I know you have covered the travel and tourism industry to some extent.

There is always a debate whether the Government or private industry should promote our travel and tourism. And the argument is always used, well, in other countries the government promotes tourism through their Embassies and through spending and advertising, and in the United States there has been an effort to get the industry to make contributions. The problem with that is that then the east coast and west coast, where the big companies are, the big hotels and so forth, get all the advertising and there is none for the Midlands and so forth.

What is your general philosophy on paying for advertising travel and tourism overseas?

Mr. BROWN. I have not reached any judgment on that. Frankly, I have not considered that issue, Senator Pressler. I did indicate in one of my previous answers that I think we do have to pay attention to rural tourism. There is much to America, much of it in your State, which deserves a bigger bite at the tourism and travel apple. I think one of the things that we are going to be focusing

on is to make sure that that happens—that we do not exclude major portions of America where we should be promoting tourism.

Senator PRESSLER. And also our Indian reservations. And incidentally, I have my tribal leaders here. Once a year I am going to be inviting you to meet with them this coming year. You do not have to make a commitment that you will do it, but I very much hope you will be able to do that.

That concludes my questions.

The CHAIRMAN. Thank you very much. Senator Lott.

Senator LOTT. Thank you, Mr. Chairman. Several times it has been mentioned today that you have contributed or perhaps did not get around to contributing to some of the members of the committee. I do want the record to show that I reviewed your contributor list very carefully and have found that you have, in fact, been bipartisan in your contributions. I did find one contribution to a Republican Congressman on your list, and I do not know if you are aware of that or not. [Laughter.]

But it did sneak in there. By the way, I called him last night, the person that you contributed to, and said guess what I have found, and he said he would not publish it as an endorsement. [Laughter.]

In line with what Senator Danforth was just asking you, let me read you a quote from June 18, 1992 by Senator Max Baucus. It is not too long, but I would like to read most of it so that we can respond—you can respond to it.

He said:

I rise today to discuss an issue of critical importance to both the competitiveness of our economy and the integrity of our political system. It is the foreign influence on our Government's economic and trade decisions. I am angry that we do not seem to work together in this country anymore. A Nation that came together to win the Cold War and put a man on the moon; how is it that we cannot manufacture a VCR.

Now Senator Baucus goes on to say:

Most of all, I am angry that Americans no longer feel like they can trust their Government. One thing that is wrong today cuts to the very integrity of our policy-making process; how decisions are made in this town and who is making them.

He then gives the example of a policy decision that reversed a customs ruling on the status of multipurpose vehicles and he states, "How did this reversal come about? Foreign automobile makers, especially the Japanese and their domestic subsidiaries, launched an all-out attack. An army of lobbyists descended upon Congress and the administration to press their case. Despite the strong views of the big three automobile makers in America and the UAW, Japan's lobbyists prevailed."

I have two questions. You have represented a number of Japanese subsidiaries and therefore you have a good understanding of how it works and how they work, but it leads to the question, then, how are you going to—what will you do to try to make sure that perceptions like this are removed or put to rest?

And the second part of that question is in view of some of your client lists, would you have to recuse yourself for one year with regard to a VCR decision or even some of these automobile decisions, in view of the fact that, you know, you have represented some foreign automobile clients?

Mr. BROWN. No, I have not represented a foreign automobile client, Senator Lott.

Senator LOTT. What about the Japanese importers? Have you had a relationship with Autopac or was that strictly the firm?

Mr. BROWN. Well, they are a client of the firm. They have not been a client of mine.

Senator LOTT. Well in your recusal, then, you are going to—unless you were directly involved.

Mr. BROWN. Unless I was directly involved on an issue in which I was involved in representing that client. You mentioned the electronics industries. My representation was, I think, important, but very narrow. It had to do with copyright issues and I would recuse myself for 1 year.

Senator LOTT. So, you would recuse yourself in that area.

Mr. BROWN. For 1 year on those issues.

Senator LOTT. Not in a broader VCR question.

Mr. BROWN. Certainly not in a broader area.

Senator LOTT. Well, then, the next question is assuming that perception was right in June 1992, or is right now, what are you going to do as Secretary of Commerce to try to help put that kind of fear or concern to rest and make sure that it does not exist?

Mr. BROWN. Senator, I must say respectfully, I do not see how what you read has to do with the issue of what I am going to do as Secretary of Commerce. What you read had to do with Senator Baucus' concern about all these lobbyists lobbying for foreign interests. I will not be lobbying for foreign interests. I will have no connection with those interests and no connection with my law firm.

Senator LOTT. I wanted to give you an opportunity to say that. You are going to rise above that, you have got a job to do. You have had these clients but you are certainly going to, you know, consider all sides and that this will not be a problem, you will make extra efforts to make sure that there is no perception of that type.

Mr. BROWN. I have said that a number of times today, Senator, and I will repeat it again. I will adhere to the highest ethical standards. I have a serious job to do. I consider myself as being on a mission for the President-elect of the United States and the American people. I know what that mission is. I am serious about accomplishing it, and I think from my record in the past there is good reason for you to believe that I have a good chance of accomplishing it.

Senator LOTT. Well, thank you, Mr. Chairman. I will have some questions, written questions for the nominee, but I want to thank you for your patience and for addressing some of these questions that have been written about extensively in the press.

I agree with Senator Gorton's comments earlier. I think the President of the United States is entitled to a great deal of leeway in selecting his Cabinet. I think you do have the experience and background to do a good job. I think that the fact that these questions have been raised will help make you extra careful in how you conduct yourself, and I look forward to working with you.

Mr. BROWN. Well, thank you, Senator Lott. I appreciated the conversation we had the other day. I certainly respect your right to raise those questions and issues. I am very glad to have been able to respond to them today to clear the air. I am very pleased with

your vote of confidence in my ability to lead the Department of Commerce.

Senator LOTT. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Senator Rockefeller.

Senator ROCKEFELLER. No further questions.

The CHAIRMAN. Mr. Brown, the question that Senator Lott raised goes to the matter raised by Senator Danforth about previous representations.

When I voted for Ambassador Carla Hills' confirmation in 1989, I discussed the fact that she had represented Korea, Daewoo Industries, in steel trade issues; Canada in forest products cases; and Japanese clients, Matsushita and Panasonic. I also discussed my dismay at our special trade representatives leaving and representing the other side.

And as a result, I put into the Senate appropriations bill a 5-year ban on the special trade representative working for a foreign government after leaving the service at USTR. And the House knocked it out as veto bait. This past year now, in October, we finally got signed into law, an amendment to section 18 of the United States Code section 207F, which bans the next U.S. Trade Representative from representing foreign governments for 3 years. I compromised.

So, this new law will apply to Ambassador Mickey Kantor, should he be confirmed. It bans the next USTR from representing, aiding, or advising a foreign political party or foreign government for 3 years in any matter before any Department or Agency of the Federal Government. That received, of course, three readings in the House, three in the Senate, was signed by the President, and is the law of the land.

So, in promulgating the rule we should remember that the Congress has been working on this. This has been a disturbing feature here in our task to try to reestablish confidence in the people's Government.

I do not think it is an ethical question, whether you are ethical or unethical. I think it is a question of appearances. We not only have to do a good job, but we have to give every appearance that it is for the people's interest, and not some personal interest or some special interest. We have to show that we are working generally for the people's good.

I think your appearance this morning has been outstanding, but you have got 2 good weeks of questions that will be submitted by the committee.

And, excuse me, Senator Danforth still has a question.

Senator DANFORTH. Yes. I just have one other area—thank you, Mr. Chairman—one other area I would like to cover.

It is clear from your testimony and what was said during the campaign and what has been said after the campaign that this administration is very interested in science, very interested in technology, and very interested in some sort of partnership arrangement between Government and the scientific community. The question I want to ask you is if Government is going to assist science, high-technology businesses, universities, whatever, who is going to make the decision on who to help?

We have been involved in this issue for a long time with respect to earmarked funds for university research. It turns out that the

universities that get earmarked funds have very good representation on the appropriations committees and often no capability for doing the research that they are paid to do.

If Government is going to get its hands on research, if Government is going to provide a kind of industrial policy, picking winners and losers for who is good in high technology, who is not so good, who is good in research, who is not so good, there is enormous potential for transforming what seems like a good idea into political pork.

To the extent that we get into a civilian DARPA or other types of efforts in an attempt to help research and technology, is this going to be another grab bag for political reward, or is it going to be an area where people who really know what they are doing, people from the scientific community, are going to apply peer review concepts to determining what sort of research should be helped and what should not be helped?

Mr. BROWN. Well, Senator Danforth, I cannot speak for the process the way you characterized it in the Congress. I can say that is not going to be a grab bag if I have anything to do with it in the Department of Commerce. I think one good example of how it should be done is the way the advanced technology program has been set up, and the fact that these are ideas that bubble up from the private sector, not from Government.

President-elect Clinton has said many times this is not about picking winners and losers, and it is not. But I will say we sure need some winners in America. We sure need some companies to be on the cutting edge of new technology and commercializing that technology, and Government ought to play a role in helping that to happen.

I think we cannot allow it to be anything but a competitive process, so to speak, so that the best ideas bubble up and there is an objective way of making those determinations. And I plan to see that that is what takes place in the Department of Commerce.

Senator DANFORTH. Well, I appreciate it. I think it is very important to keep your criteria in mind. I know I do not know much about science, really nothing. If somebody were to ask me, you know, what is a good idea, it would probably be an idea that, as you say, bubbled up from somewhere inside the State of Missouri. [Laughter.]

A lot of good ideas bubble up from the State of Missouri, but the point is that if we are going to get into this area it really is important for people who know what they are doing to guide us in this direction, and not—I mean no matter how able you might be or I might be in other areas, we are not exactly the best people to make the decisions, I do not think.

Mr. BROWN. You are right, Senator.

Senator DANFORTH. I would simply like to say, as other Senators have said, that I think that you are a very good choice for this position, Mr. Brown, and I look forward to working with you.

Mr. BROWN. Thank you. And I with you, Senator.

The CHAIRMAN. Very good. Senator Lott, do you have further questions?

Senator LOTT. No, sir.

The CHAIRMAN. Well, very good. Senator Danforth has expressed his concern, at the time we passed the Advanced Technology Program for the Department of Commerce that ideas had to come from industry and not from the Congress. And that is what is in the law right now—the ATP is merit-based, with peer review. I did not think we should pass it into law until we made sure that that concern was reflected in the statute itself.

Mr. Brown, we thank you very very much. The committee will be in recess until 10 o'clock tomorrow when we will hear from Frederico Peña with respect to the Secretary of Transportation.

Mr. BROWN. Thank you very much, Mr. Chairman and members of the committee.

The CHAIRMAN. The hearing is adjourned.

[Whereupon, at 1:12 p.m., the hearing adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR HOLLINGS

By all accounts, the American worker is the most productive worker in the world. The most productive worker in the world deserves a government and, in particular, a Secretary of Commerce that will work just as hard to ensure that markets are open to their products and that their jobs and their future will be protected from the predatory trade practices that have weakened the Nation's manufacturing base.

In Ron Brown, American workers are getting a man with the drive, the intelligence and the commitment that they deserve. As a civil rights leader, a public servant, a lawyer, a businessman, and a party leader, Mr. Brown has distinguished himself in facing successfully many important challenges.

As Secretary of Commerce, he will face yet another challenge. His task will be to turn one of the largest and most diverse government agencies, with its important responsibilities for oceans and atmosphere and trade and technology, into a forceful agency that will be a strong advocate for the interests of American business and the American worker.

This is a formidable assignment. Some think that it does not matter if the United States manufactures computer chips or potato chips. This hands-off trade and economic policy has resulted in the loss of two million manufacturing jobs, a 12 percent decline in hourly wages, and steadily eroding market shares in important industries from basic manufacturing, like textiles and automobiles, to high-tech products, like aircraft and computers.

Our competitors in Europe and Asia did not share the past Administration's zeal with a free-market approach to international trade. While our government remained indifferent, governments in Europe and Asia protected their home markets and targeted specific industries. The Europeans poured \$26 billion into the development of Airbus and then captured 30 percent of the market for civil aviation. The Japanese targeted semiconductors and the machine tool industry and promptly captured a major share of the market. While in recent years the Administration was writing off the textile and steel industries, the European Community was providing its steel industry with billions in subsidies and its textile industry with \$500 million in subsidies that enabled that industry to modernize its manufacturing facilities. The Germans and the Japanese have out-invested the U.S. by two to one, at the same time that American industries' ability to attract capital has been hampered by government indifference—once an industry has been targeted by foreign competition, capital disappears.

That was the past, but, as President John Kennedy once said, our task is not to fix the blame for the past, but to set the course for the future. The new Commerce Secretary must be part of this new course at the forefront of an economic policy that promotes America's economic interests with the same fervor and the same commitment which led to our triumph in the Cold War. The new Secretary will be responsible not only for promoting our exports, and developing and fostering new technologies, but also for enforcing vigorously the Nation's trade laws to ensure that these investments in future technologies are not overwhelmed by the kind of unfair trade practices that drove American companies out of the consumer electronics industry and almost drove them out of the semiconductor industry.

If the United States is to stay competitive, industry must have a government that is an ally in promoting the development of high technology industries and the so-called mature industries, which provide many jobs in our manufacturing sector. The Department of Commerce will have to take the lead in developing a coordinated strategy that uses our leverage both to open markets abroad and to preserve American jobs. In an era in which national power is increasingly dependent upon economic strength, the job of the Secretary will be to preserve the American dream so that the next generation of Americans will have economic opportunity, rather than a declining standard of living.

The CHAIRMAN. Well, very good. Senator Danforth has expressed his concern, at the time we passed the Advanced Technology Program for the Department of Commerce that ideas had to come from industry and not from the Congress. And that is what is in the law right now—the ATP is merit-based, with peer review. I did not think we should pass it into law until we made sure that that concern was reflected in the statute itself.

Mr. Brown, we thank you very very much. The committee will be in recess until 10 o'clock tomorrow when we will hear from Frederico Peña with respect to the Secretary of Transportation.

Mr. BROWN. Thank you very much, Mr. Chairman and members of the committee.

The CHAIRMAN. The hearing is adjourned.

[Whereupon, at 1:12 p.m., the hearing adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR HOLLINGS

By all accounts, the American worker is the most productive worker in the world. The most productive worker in the world deserves a government and, in particular, a Secretary of Commerce that will work just as hard to ensure that markets are open to their products and that their jobs and their future will be protected from the predatory trade practices that have weakened the Nation's manufacturing base.

In Ron Brown, American workers are getting a man with the drive, the intelligence and the commitment that they deserve. As a civil rights leader, a public servant, a lawyer, a businessman, and a party leader, Mr. Brown has distinguished himself in facing successfully many important challenges.

As Secretary of Commerce, he will face yet another challenge. His task will be to turn one of the largest and most diverse government agencies, with its important responsibilities for oceans and atmosphere and trade and technology, into a forceful agency that will be a strong advocate for the interests of American business and the American worker.

This is a formidable assignment. Some think that it does not matter if the United States manufactures computer chips or potato chips. This hands-off trade and economic policy has resulted in the loss of two million manufacturing jobs, a 12 percent decline in hourly wages, and steadily eroding market shares in important industries from basic manufacturing, like textiles and automobiles, to high-tech products, like aircraft and computers.

Our competitors in Europe and Asia did not share the past Administration's zeal with a free-market approach to international trade. While our government remained indifferent, governments in Europe and Asia protected their home markets and targeted specific industries. The Europeans poured \$26 billion into the development of Airbus and then captured 30 percent of the market for civil aviation. The Japanese targeted semiconductors and the machine tool industry and promptly captured a major share of the market. While in recent years the Administration was writing off the textile and steel industries, the European Community was providing its steel industry with billions in subsidies and its textile industry with \$500 million in subsidies that enabled that industry to modernize its manufacturing facilities. The Germans and the Japanese have out-invested the U.S. by two to one, at the same time that American industries' ability to attract capital has been hampered by government indifference—once an industry has been targeted by foreign competition, capital disappears.

That was the past, but, as President John Kennedy once said, our task is not to fix the blame for the past, but to set the course for the future. The new Commerce Secretary must be part of this new course at the forefront of an economic policy that promotes America's economic interests with the same fervor and the same commitment which led to our triumph in the Cold War. The new Secretary will be responsible not only for promoting our exports, and developing and fostering new technologies, but also for enforcing vigorously the Nation's trade laws to ensure that these investments in future technologies are not overwhelmed by the kind of unfair trade practices that drove American companies out of the consumer electronics industry and almost drove them out of the semiconductor industry.

If the United States is to stay competitive, industry must have a government that is an ally in promoting the development of high technology industries and the so-called mature industries, which provide many jobs in our manufacturing sector. The Department of Commerce will have to take the lead in developing a coordinated strategy that uses our leverage both to open markets abroad and to preserve American jobs. In an era in which national power is increasingly dependent upon economic strength, the job of the Secretary will be to preserve the American dream so that the next generation of Americans will have economic opportunity, rather than a declining standard of living.

Its importance to the economy cannot be understated, nor can its importance to the State of Nevada.

In 1992, over 32 million visitors travelled to Nevada.

Since 1982, revenues generated by tourists and convention delegates visiting Las Vegas totalled nearly \$91 billion.

In December 1991, 165,300 people were directly employed in the hotel/motel, gaming, and recreation fields in Nevada.

During the 1980's, Nevada has aggressively marketed tourism and the investment paid handsome returns.

Nevada established a tourism commission in 1983 to strengthen Nevada's economic base and to help communities throughout the state develop as vacation and business travel destinations.

The number of visitors to Nevada has doubled since 1983.

As I have discussed with the nominee, I believe our country does a poor job of promoting tourism.

In particular, we fail to welcome foreign tourists in a hospitable manner.

Given our persistent foreign trade deficit, we must do more to encourage and welcome foreign tourism.

I look forward to working with Ron Brown in our nation's effort to promote tourism and spur economic development.

PREPARED STATEMENT OF SENATOR GORTON

I want to welcome Ron Brown before the committee this morning. He has been nominated to fill a position which is critically important to the Nation and to the Pacific Northwest in particular.

Cabinet Secretaries and most other high ranking administration officials serve at the pleasure of the President. As a consequence, I believe that a President should be given the widest possible latitude in choosing such person and that a Senator should not substitute his judgment or philosophy for that of the President. This is not the case with a Supreme Court nominee, for example, a judicial appointee who will serve for life. This is my belief without regard to the party of the President.

Mr. Brown is someone many of us in Washington, DC, know. Though far more familiar to my colleagues seated on the opposite side of this table's horseshoe than to me, many of us on this side admire him as a worthy and respected opponent. After meeting with him and discussing issues of relevance to the Commerce Department yesterday, I look forward to working with him in a less adversarial manner and I welcome his offer to work with me and other members of this committee on issues that affect all citizens.

The issues before the Commerce Department are complex and important to everyone in the United States. I am confident that Mr. Brown understands the importance of increasing economic opportunities and jobs for Americans and will be a strong advocate for American workers. Many of these jobs, and especially those in my State, depend upon exports. The Commerce Department will play a key role in assuring that U.S. companies are in a good position to sell their products abroad. It will be critical that the new administration avoid protectionist policies which only provide an excuse for retaliatory actions against U.S. companies.

Half of the Department of Commerce's budget is spent on the activities of the National Oceanic and Atmospheric Administration. This agency, and particularly the National Marine Fisheries Agency, oversees some of the most difficult, controversial, and complex problems that we face in the Northwest. Perhaps it is a good thing that Mr. Brown's background does not include experience in these fields because many of these matters are in desperate need of a new, fresh perspective. Yesterday, we discussed upcoming reauthorizing bills including the Magnuson Act, the Endangered Species Act, and the Marine Mammal Protection Act. All of these bills are critical to the very survival of my State and they will require the patience, diligence, and study not only of this committee, but of the new administration officials. I look forward to many more discussions about these topics with Mr. Brown. Assuming he is confirmed by the Senate, as I do, I hope he will soon accept my suggestion to visit the Northwest, meet with the people whose lives will be so dramatically affected by his decisions, and to learn more about the real day-to-day impact the decisions made by his Department will have upon the many people of the State of Washington.

POSTHEARING QUESTIONS ASKED BY SENATOR HOLLINGS AND ANSWERS THERETO BY
MR. BROWN

Question 1. As Secretary of Commerce, what role do you see the Economic Development Administration (EDA) playing in the President-elect's program for economic recovery?

Answer. The Economic Development Administration can and should be immediately involved in economic recovery efforts undertaken by this Administration, particularly when it comes to defense conversion activities. The program can be a vehicle for the long-term recovery of economically distressed urban and rural communities; its mission is central to the new Administration's economic agenda.

Question 2. A common problem that we hear from industry about export controls is that they fail to keep up with continuous advances in technology; that is, controls on technology that has become widely-available continue to be imposed by countries that are not subject to the same multilateral or unilateral controls as U.S. companies are. How can the export control system be made flexible enough so that it does not restrict exports of current technology and anticipates future global technological trends?

Answer. There should be a constant reevaluation of control lists by all government agencies with an interest in export controls. Such a reevaluation must be executed on a regular basis in order to keep up with changes in technology as soon as they happen. One of my goals at DOC will be to streamline this review. We must be able to add or remove technology from lists quickly, both to prevent U.S. business from being unreasonably disadvantaged and to avoid transfer of new technologies to proscribed countries. Such streamlining must include improved cooperation between the government agencies involved in maintaining and enforcing these controls.

Question 3. Congress passed legislation last year to prohibit the Pentagon and the State Department from rewarding contracts to foreign firms that comply with the Arab boycott. What are your views on this issue?

Answer. I fully support the efforts of the Congress to prohibit the Departments of Defense and State from awarding contracts to foreign firms which comply with the Arab boycott against Israel. The U.S. must work vigorously to end the boycott as soon as possible. Any steps that the U.S. can take to end it will be a major contribution to the ongoing peace process.

Question 4. Under Section 3005 of the Omnibus Trade and Competitiveness Act of 1988, the Secretary of the Treasury must report to Congress every six months on whether any foreign countries that have a significant trade surplus with the United States are manipulating their currency to help obtain such a surplus. The Treasury Department, in its May 1992 report and then again in a December 1992 report, stated that the People's Republic of China was manipulating its exchange rate to gain a trade advantage with the U.S. Should exchange rate manipulation be a factor in the decision whether to grant MFN to China?

Answer. Exchange rate manipulation is one of a variety of ways that a nation may seek an unfair advantage against its trading partners. Thus, evidence that any nation had kept its exchange rate artificially low for a sustained period of time, particularly during a period of sustained economic growth, and to the detriment of American workers, is relevant to our trade policies regarding that nation.

Question 5. Antidumping and countervailing duty cases often engender resentment from foreign governments and companies that benefit from unfair trade practices. Past administrations sometimes have subordinated the U.S. legal process in the trade area to what are seen as loftier aims of foreign policy. President-elect Clinton has pledged to change the old set of priorities. Will you pledge to fully and fairly enforce U.S. trade laws without countenancing interference on so-called foreign policy grounds?

Answer. As Commerce Secretary, I will be fully committed to enforcing our trade laws regarding antidumping and countervailing duties. Indeed, I would hope that respect for fair trading practices would be an integral part of our foreign policy, not a source of conflict with it.

POSTHEARING QUESTIONS ASKED BY SENATOR INOUE AND ANSWERS THERETO BY
MR. BROWN

Question 1. The Economic Development Administration (EDA) was established to generate new jobs, to help protect existing jobs, and to stimulate commercial and industrial growth in economically distressed areas of the United States. Utilizing EDA's resources, what, if any, are your plans to stimulate commercial and industrial growth in economically distressed areas of the United States?

Answer. The Clinton Administration has placed a premium on increasing job opportunities through expanding the commercial and industrial base. The Economic Development Administration can help provide technical assistance to state/local governments, Indian tribes and non-profit organizations as they seek to generate and retain jobs. The agency also provides grants, loans and uses its guarantee authority to stimulate commercial and industrial growth in often neglected communities. These are critical functions and will be central to the new Administration's economic plan.

Question 2. One of EDA's basic programs includes special economic adjustment assistance to help state and local governments in solving recent and anticipated severe adjustment problems, resulting in abrupt and serious, job losses and to help areas implement strategies to reverse and halt long-term economic deterioration. As you know, areas of Hawaii, Louisiana, and Florida were recently devastated by natural disasters. To what extent can you ensure the prompt review of all grant proposals submitted by state and local governments?

Answer. The natural disaster experienced in Hawaii, Florida, and Louisiana require prompt responses. The federal government must marshal its tools to respond to natural disasters in an expeditious manner. I will work to ensure prompt and timely attention from EDA in times of natural disasters.

POSTHEARING QUESTIONS ASKED BY SENATOR FORD AND ANSWERS THERETO BY MR. BROWN

Question 1. One of the hottest political issues in my hometown of Owensboro, Kentucky is the proposal to close the weather station at the Evansville Airport. Now you don't have to be a rocket scientist to look at the maps of the coverage and be concerned. I do not know if you are aware of the fact that that portion of Western Kentucky is in what is known as "Tornado Alley." While serving as Governor I had a first-hand experience with the killer tornados and would like to urge you to take a second look at the consolidation plans of the National Weather Service. I would hope you would take a special interest in my part of the country.

Answer. As you know I am committed to the principle that the weather service modernization will not result in degradation of service in any coverage area in the U.S. In fact, I believe we will realize enormous benefits from the modernization in the next few years including more precise and rapid forecasting of tornadoes. I will comply with all Congressionally mandated certification requirements for changing the staffing of any National Weather Service office and will expeditiously look into the situation at the Evansville Airport.

Question 2. The recent National Academy of Sciences (NAS) report on CAFE criticized both current CAFE program and the approach contained in legislation in the past Congress which, would have required each company to improve its CAFE an identical coverage. This would have penalized companies that exceeded current law by making them meet a higher standard. That's a concern to me because Toyota is located in Kentucky—as are GM and Ford. I don't want Toyota to have to meet a higher standard than their competitors. That's unfair to the Kentucky workers. The NAS report also recommended consideration of more market-based approaches to fuel economy. I strongly believe that any fuel economy program should be fair to all companies and should not provide an advantage for any economy over another. Do you agree with the NAS report, and if so, do you intend to give consideration to alternative approaches to vehicle fuel economy regulation?

Answer. The new Administration is committed to promoting the more efficient use of energy; clearly all steps taken in this regard must be fair to all companies affected, as well as efficiently designed. I have not yet read the NAS report you discuss, but I will review it with interest. I look forward to working with you, the other members of this committee, and the other members of the new Administration to promote energy efficiency in a fair, effective way.

Question 3. Would you, as Commerce Secretary, oppose the sale of the chemical production plant and chemical dispersion aircraft to Iran—a known user of chemical weapons, as the DOD has?

Answer. Until I have been briefed on the national security aspects of any particular sale, I would rather not state a position on the specific matter. I feel strongly about using the Department's powers to prevent the sale of any technology which could be used to further the chemical, biological, or nuclear weapons programs of any nation to which exports of such technologies are proscribed.

Question 4. What would you do as Secretary of Commerce to insure that dual use technologies are not transferred to countries that support terrorism?

Answer. We must take any necessary action to make sure that American military or civilian personnel are never again threatened by weapons which were developed with the help of the United States. I will do everything within my power as Secretary of Commerce to make sure that export control laws are effectively enforced by my Department.

Question 5. In your role as Secretary of Commerce you oversee the activities of the National Telecommunications and Information Administration. This agency formulates policy, which has been more or less ignored in the past, to support the development and growth of telecommunications, information and related industries. I would like to encourage you to get involved in the development of the new communications network and help solve such problems as telephone company entry into cable and fiber optics. There is a reason for my concern in that I represent a rural state and I fear that the residents of less populated areas are not going to benefit in the new technologies. This situation is similar to the days of REA and I hope you as Secretary of Commerce will take steps to insure that all citizens have access to the new technologies.

Answer. As Secretary of Commerce, I will support strongly the development and growth of telecommunications and information industries and I will encourage the deployment of new telecommunications and information technologies. I recognize that, historically, rural areas have lagged behind other areas of the country in deployment of new technologies, including telecommunications technologies. I will place a high priority on the extension of telecommunications technologies, particularly new and emerging technologies, to rural areas and other underserved sections of our nation, especially to provide improvements in health care and education.

POSTHEARING QUESTIONS ASKED BY SENATOR EXON AND ANSWERS THERETO BY MR. BROWN

Question 1. There is no duty which you will have that will more directly affect the everyday live of citizens than assuring the effective operation of the National Weather Service. In many communities accurate weather information and prediction is truly a matter of life or death. I have never been one to object to closing any weather service office under any condition, however, I have been very concerned about efforts in the Reagan-Bush era to either privatize or close weather stations on a wholesale basis. New technology can improve weather observation, but human knowledge, experience and intelligence is needed to improve weather forecasts. Will you give your attention to the operation of the National Weather Service and help assure that as new technologies are deployed, coverage, capability and services are not lost?

Answer. I am well aware of the critical role that the National Weather Service plays in protecting the lives and property of all Americans. I will not only make sure that no coverage, capability and services are lost but will also make the enhancement and expansion of National Weather Service capabilities a priority. I plan to give my personal attention to the implementation of the weather service modernization plan to ensure that the NWS provides the highest quality service to the American public.

Question 2. An increasing number of America's blue chip industries are facing unprecedented difficulty. The airline industry is besieged with bankruptcies, aircraft manufacturing is under pressure, IBM is having difficulties and the American auto industry continues to be in a slump. The conventional wisdom is that there is overcapacity and these once strong American industries which provided many good jobs at good wages. Do you see America's industrial problems as one of too much capacity or too few customers? what can be done to find new markets for American products both here at home and overseas? Will growth in the economy alone help some of America's troubled firms?

Answer. American firms have taken dramatic steps to improve their international competitiveness—this process must continue, but it must certainly be complemented by aggressive government policies to expand markets for American services and products. We must open markets abroad by negotiating new agreements that reduce the formal barriers to trade where they exist, by helping to build institutions in newly-emerging market economies that encourage imports, and by using our information gathering system to identify trade leads, bringing those leads to the interested firms, and expediting the licensing, permitting, and financing of these exports to the greatest extent possible. We cannot rely on broad forces of macroeconomic growth alone to help strengthen our economic base—public investment, technology development, and export promotion functions of government are key components to a stable and growing macroeconomy.

Question 3. As you know, I was the Senate Author of the Exon-Florio law which gives the President the power to investigate and if necessary stop any foreign purchase of an American company if the President determines that the transaction may harm the national security. The President has designated the interagency committee on foreign investment in the U.S. (CFIUS) to administer the Exon-Florio law and you will be a member of CFIUS. The statute was drafted to give the President broad discretion to determine what is in the U.S. national security interest. This fall the Congress updated the Exon-Florio law to place additional focus on acquisitions involving foreign government controlled entities. A company or a country need not hold any ill-will toward the United States national security interest and the Exon-Florio law can be used to secure full compliance with other laws or to win accommodations to U.S. national security concerns. Do you have concerns about foreign ownership of key American technologies and companies and in your capacity as a member of CFIUS will you view your national security mandate broadly or narrowly?

Answer. Certainly, the United States must be aware of the consequences of investments in strategic sectors; the full range of strategic and security concerns must be considered. Although the United States' foreign investment regime is far more liberal than those of our major trading partners the President does have the authority, under the Exon-Florio amendment, to block foreign investments which could threaten U.S. national security. The Department of Commerce can help improve the decision-making process by providing accurate and timely information on the market share and long-term competitiveness of the U.S. in a given sector. This would enhance the ability of the Committee on Foreign Investment in the United States (CFIUS) to weigh the cumulative effects of foreign investment in a given sector, as opposed to analyzing each transaction in isolation.

Question 4. I authored a provision in the 1988 Trade Bill to create the Office of Barter within the Department of Commerce. Barter, countertrade and other non-traditional means of finance hold the keys to opening new markets for American products especially in the former Soviet Union and Eastern Europe. The Bush Administration was reluctant to embrace new and creative means such as barter to move American goods into new markets. We simply need to abandon the idea that "cash on the barrelhead" is the only way to conduct business. The new democracies of Europe and Asia are resource rich and cash poor. American business needs to find new ways to meet the needs and circumstances of new customers. What is your attitude toward using barter, countertrade and other non-traditional means of finance to enhance U.S. exports? Will you as the Secretary of Commerce, use the Office of Barter and the Interagency group on barter and countertrade to encourage and promote trade and see that the office has appropriate staffing and resources?

Answer. I support the idea of using barter and countertrade as instruments of U.S. trade promotion, and I agree with you that this technique may stimulate trade with the newly-emerging market economies of Eastern Europe. I will make sure that we give this area more attention and that the Commerce Department will work with the Ex-Im Bank and other relevant agencies to facilitate barter arrangements in support of U.S. exports.

POSTHEARING QUESTION ASKED BY SENATOR DANFORTH AND ANSWER THERETO BY
MR. BROWN

Question 1. The report on "High Technology Competitiveness" to Senator Lloyd Bentsen indicates that only the U.S. research-based pharmaceutical industry has maintained its international competitive position out of a total of 11 leading high technology industries. Intellectual property protection is essential to innovation in this, as well as other, high technology industries. If confirmed, will you push for strong intellectual property protection in markets in Asia and Latin America where patent piracy is rampant?

Answer. I will push for stronger intellectual property protection overseas, particularly for products such as pharmaceutical and software. It is hard to estimate, but American high-tech companies are losing tens of billions of dollars in sales overseas because of piracy. I will support on-going efforts by the Commerce Department and the U.S. Trade Representative to strengthen patent and trademark laws overseas, particularly in the developing world, and encourage their vigorous enforcement.

POSTHEARING QUESTIONS ASKED BY SENATOR STEVENS AND ANSWERS THERETO BY
MR. BROWN

Question 1. Cross ownership prohibitions and other limits on competition: As Secretary of Commerce, would you continue the bipartisan pro-competition and support repealing the cable-telco cross-ownership prohibition and taking further steps to expand local network competition? Would you also support eliminating other out-of-date restrictions such as the broadcast-cable crossownership ban?

Answer. Increased competition in the provision of telecommunications services will be a principal goal of the Clinton-Gore Administration. I strongly share that goal. I recognize, however, that in achieving that goal other values must be considered as well. As the new Administration considers methods and proposals to increase competition, we will closely examine the impact of such proposals on rate payers, universal service, the entry of new competitors into the marketplace and state regulatory structures. Ultimately, however, any changes in the law regarding telephone company provision of video services or the provision of telephone services by cable operators will require legislation by the Congress—I am eager to work with the Congress on these issues.

Question 2. Competitive Bidding: I intend to ask Senator Inouye to take up competitive bidding again this year. With the support of the Clinton Administration, I believe that we could secure approval of the concept as part of Senator Inouye's proposal to reallocate Federal government frequencies to non-federal use. Would you, as Secretary of Commerce, support competitive bidding?

Answer. I look forward to working with the Congress on the issue of reallocating Federal spectrum. With regard to auctions and competitive bidding proposals, I am aware that this issue enjoys broad support in the academic community, among those who seek to streamline the licensing process and among those who believe the public should receive a monetary benefit for the use of a scarce public resource. I also understand, however, that critics of auctions express concerns about the potential erosion of the public trust concept of communications regulations, the prospect of user fees or auctions for existing spectrum assignees and that auctions might permit "deep pocket" participants to distort the telecommunication marketplace to the detriment of smaller or newer firms. As Secretary, I will work with members of this Committee and the Congress to resolve these issues, including measures to protect entrepreneurs or new entrants.

POSTHEARING QUESTIONS ASKED BY SENATOR PRESSLER AND ANSWERS THERETO BY
MR. BROWN

Question 1(a). According to Small Business Administration figures, from June 1991 to June 1992, small businesses created 173,000 jobs, while firms with more than 500 employees lost 235,000 jobs. It is clear that small businesses are the engines that drive our nation's economy, creating two out of every three new jobs from 1982 to 1990. President-elect Clinton often has expressed support for helping small entrepreneurs. How will you, as Secretary of Commerce, further this agenda?

Answer (a). Small business has indeed been the engine that created most jobs. The Commerce Department must maintain a significant interest in promoting small businesses. Small businesses should be included in our efforts to expand American businesses in the technology, information, trade, tourism and communications fields. Moreover, the Economic Development Agency and the Minority Business Development Agency can and should be used to enhance small business growth and development.

Question 1(b). Do you believe the federal regulations and the paperwork they create are a significant hinderance to small businesses? If so, what specifically would you like to see done to reduce this burden?

Answer (b). Small businesses should not be burdened with undo and unnecessary paperwork. While accountability is a key concern in all government activities, it is important to be judicious in placing regulations and reporting requirements—the need for safeguard reporting must be balanced against the need to limit the amount of time businesses spend engaging in regulatory compliance. As Secretary I will work to ensure a fair balance is put in place.

Question 2. President-elect Clinton has spoken at length about his desire to rebuild and modernize America's infrastructure. Included in his basic proposal is the repair of roads, bridges and railroads; the construction of a high-speed rail network; and the creation of national information network. what, within these proposals, do you see as having specific application to our small businesses?

Answer. The Clinton Administration is a strong proponent of rebuilding and modernizing our nation's infrastructure. The Economic Development Administration can

play a key role in assisting in this massive public works effort. EDA grants can and should be used to assist struggling communities in rural and urban areas to revitalize their infrastructure. These communities should be encouraged to use small, local businesses to meet the public works needs. Using small locally based businesses to address public works needs will have a twofold effect; that of revitalizing distressed communities and providing good jobs for the unemployed.

Question 3. Many issues discussed during the campaign and as President-elect Clinton has formed his cabinet relate to international trade. These include the current round of GATT negotiations, the North American Free Trade Agreement and a several varieties of economic sanctions. International trade policy is of great concern to our nation's farmers, ranchers and small businesses. The International Trade Administration, an agency within the Department of Commerce, was conceived in 1980 to promote world trade and to strengthen the international trade and investment position of the United States. The ITA is responsible for nonagricultural trade operations of the U.S. Government and supports the trade policy negotiation efforts of the U.S. Trade Representative. In your estimation, has the International Trade Administration done an effective job, or has it duplicated the efforts of other agencies? Do you have any initiatives planned to help small businesses export their goods and services?

Answer. I have not yet completed my review of the International Trade Administration, and for that reason would hesitate to make a general judgement on their current effectiveness. But I am committed to ensuring that our trade policy process is supported by an expert body that can make sound analytic judgments about the possible effects of various options and developments on our industries.

I also believe that small businesses are an area of great potential export growth for the U.S. economy. For that reason, I hope to be able to target many of our programs at these firms, including information gathering programs, trade fairs and other promotional activities, and information about trade financing programs. We should also recall that the development of technology outreach centers for small and mid-sized businesses will make them better exporters by making them better producers in the first place.

Question 4. As Secretary of Commerce you will oversee the U.S. and Foreign Commercial Service. The USFCS employs 1,250 commercial experts in 69 domestic offices and 68 countries abroad to promote U.S. exports. Do you believe the current structure and mandate of the U.S. and Foreign Commercial Service is adequate to effectively promote U.S. Products overseas? Would you like to see changes in its structure and mandate to ensure that the United States is poised to take advantage of every opportunity available in the world market?

Answer. I am not now able to comment in detail on the issue of the structure of the U.S. and Foreign Commercial Service. I am, however, committed to a complete information gathering network that collects data on market leads fully and effectively and that directs them to those U.S. firms that are best positioned to make use of them.

Question 5. Over the past ten years, the Commerce Department's United States Travel and Tourism Administration (USTTA) has been instrumental in promoting the United States as a travel destination. I hope you will encourage President-elect Clinton to select an individual with industry experience as the next Under Secretary of Commerce for Travel and Tourism. Last year, legislation was enacted to reauthorize USTTA. Long overdue, this new law should greatly enhance USTTA's efforts, particularly in the collection of statistical data on foreign travelers. As Commerce Secretary, what steps will you take to advance and promote the U.S. travel and tourism industry?

Answer. I fully support the efforts of the USTTA to develop travel and tourism in the U.S. I believe that we should investigate coordinating U.S. travel and tourism promotional activities abroad with other trade fairs and promotional activities that provide visibility and stimulate interest in America in general.

Question 6. In addition to the recent reauthorization of the USTTA, a Rural Tourism Development Foundation also was established. This will greatly assist South Dakota and other rural states in efforts to promote rural America as a travel destination. While the Rural Tourism Development Foundation is in the developmental stage, you can play a key role in its formation. What are your thoughts and goals for promoting travel and tourism to rural America?

Answer. Rural Response America offers foreign visitors a unique perspective on American history and the American way of life, and is a tourist destination worthy of development. It is entirely appropriate for the RTDF to work with state and local governments to develop rural tourist destinations; I will make sure that every effort is made to promote abroad these less visible rural tourist destinations.

Question 7. What are your thoughts on how the Economic Development Administration and the Commerce Department overall can better serve rural America and promote business development?

Answer. The Clinton Administration intends to increase economic opportunity in general and business formation in specific in rural communities. To accomplish this goal rural communities will need better access to affordable capital. The Economic Development Administration can be a complement to the new Administration's efforts to expand entrepreneurial access to capital in rural communities. The EDA is authorized to provide technical assistance, loan guarantees and grants to businesses in distressed rural communities. The Clinton Administration plans to fully utilize the existing tools to ensure more economic opportunity in rural areas.

To accomplish this goal, the Administration will immediately work to strengthen the management of the agency so that it can provide necessary assistance in a timely and effective manner. Personnel will be managed with an eye towards providing service to the taxpayers.

Question 8. Economic development on our nation's Indian Reservations continues to remain virtually untapped. In too many instances, gambling facilities represent the only development taking place on reservations. While gaming may add to the reservations' economy, it is not a long range solution. In many instances, it may be doing more harm than good. Native Americans want and deserve more concentrated economic development assistance, particularly in terms of business development counseling, etc. What are your views on how the Commerce Department can better serve the reservation communities and stimulate economic growth and job creation?

Answer. The plight of Native Americans is of foremost concern to the Clinton Administration. Presently, these communities have limited access to capital and slow business formation. The Commerce Department must assist in efforts to reinvigorate declining Native American communities. The Minority Business Development Agency is charged with assisting Native Americans along with other minorities in increasing business ownership. The agency will work to expand business formation and strengthen existing, struggling business located in Native American communities. The formation and expansion of small business is the key to expanding employment opportunities in Native American communities. The Commerce Department will work to expand this employment base.

Question 9. I was pleased to learn of your support for the Commerce Department playing an active role in Defense Conversion initiatives. I agree the Economic Development Administration can play a key role in this area. Many communities across the country are being impacted by base closures or personnel reductions. Ellsworth Air Force Base in South Dakota has been the target of personnel cuts, so I am well aware of the harsh impact such reductions have on the surrounding communities. While the Departments of Defense, Labor, and Commerce have programs to assist communities with base closures, there do not seem to be programs available to assist areas faced with dramatic reductions in personnel. Many of these communities can expect to face severe economic hardships. Schools, small businesses, and other services suffer residually from these job losses and may be forced to lay off their employees or close their doors. Would you support expanding the Commerce Department's defense conversion programs to include those communities working to develop strategic responses to base personnel reductions? If so, would you work to coordinate efforts with other federal agency programs that also provide defense conversion assistance?

Answer. Major personnel reductions clearly create many of the same devastating problems as base closures. The Department of Commerce must play a lead role in a multi-agency response to both problems. It must work with the Departments of Labor, Housing and Urban Development, Transportation, and other agencies to bring the full range of applicable Federal programs to this problem. Policy towards facilities closings and reductions must be made by a Federal-state local partnership. As Commerce Secretary I look forward to working with our states and localities, to ensure that the transition to a civilian economy is a smooth one.

POSTHEARING QUESTIONS ASKED BY SENATOR GORTON AND ANSWERS THERETO BY
MR. BROWN

Question 1. In the last few years, there has been a concerted effort in the Pacific Northwest to look at the issue of recovery of endangered and threatened salmon in the region. A diverse group of interested parties and Federal, state and local agencies continue to work together develop a solution based on the best available science, least-cost alternatives and effective recovery practices. Are you, as the Secretary of

Commerce, going to change the present policy of giving great deference to a regionally derived solution?

Answer. Building a regional consensus on salmon issues is clearly the most preferable policy path. The current process, which has utilized an outside technical committee and maximum public involvement to bring in the views of affected states, tribes and industries, appears to be on course towards creating a sound scientific and regionally-supported solution to the salmon issue. I am hopeful that the draft recovery plan, which is expected this spring, will be able to successfully balance the diverse set of concerns facing the region.

Question 2. The Department of Commerce approved a Biological opinion on the 1992 Federal activities which operate the Columbia and Snake Rivers finding that such actions would not lead to jeopardy of the salmon. The Department will once again address the issue of river operations and species jeopardy within the next 90 days. The continued operation of the Columbia River is the lifeblood of the Pacific Northwest economy. Do you intend to work with the various groups in the Pacific Northwest to insure the continued economic operation of the Columbia River system in 1993?

Answer. It is my understanding that the EPA NMFS and the Corps of Engineers will complete the biological assessment by March, 1993. At this time, I am unaware of any imminent findings, nor do I anticipate any such findings that would lead to sharp disruptions in Columbia River operations. In the unlikely event that the assessment indicated an imminent need for significant changes in river operations in 1993, I would convene all affected groups to build a consensus approach.

Question 3. It is imperative for the survival of the species that the total and integrated life cycle of the salmon be considered, including the impact of harvest practices, hatchery releases, habitat degradation and water flow. Can the parties in the Northwest be assured that all Section 7 consultations under the Endangered Species Act regarding the NW-endangered salmon will be done in an integrated fashion?

Answer. I share your concern for an integrated approach to salmon listings and management. In the end, a regional management effort—relying on state leadership in developing conservation plans—may be the best approach. The NMFS' West Coast Wild Fish Initiative may be an interesting pro-active model to explore in this regard, to avoid further listings, restore native salmon and steelhead runs, and create jobs.

Question 4. How do you see the pending U.S.-Canada renegotiation of the Pacific Salmon Treaty affecting NOAA's affirmative duty to protect endangered salmon species in the Pacific Northwest?

Answer. It is my understanding that the Salmon Commission will conduct an important negotiating session on January 20 to discuss the Snake River fall chinook and other key harvest issues. In the short term, I understand that the U.S. position that will go forward will not raise any ESA jeopardy issues. These negotiations, of course, bear a strong relation to the overall salmon management question. I am impressed by some studies that show that a large percentage of salmon loss is related to environmental stress upstream—rather than offshore. So while we will want to be strong negotiators at the table, I will direct my managers to focus in on region-wide salmon management issues as discussed in questions 1-3.

Question 5. In order to get an effective comprehensive solution and recovery plan on the Northwest salmon, the DOC must continue to diligently pursue the full and open participation of all affected parties in the region. Will you continue to hold that policy of integrated, inclusive debate and resolution as a high priority for all levels of the Department on this issue?

Answer. Yes. As I noted during the hearing, many of these issues are new to me—but one thing is very clear to me: a consensus, regional approach is the only way to ensure that we can craft a lasting solution to these complex issues. I am committed to that approach.

POSTHEARING QUESTIONS ASKED BY SENATOR MCCAIN AND ANSWERS THERETO BY
MR. BROWN

Question 1. Candidate Clinton promised to eliminate 100,000 unnecessary positions in the bureaucracy, cut administrative waste, and cut wasteful government spending programs. His economic plan, Putting People First, proposed to "eliminate taxpayer subsidies for narrow special interests, reform defense procurement and foreign aid, and slash boondoggle projects." Do you agree with President-elect Clinton that these reforms are needed, and if so, what specifically would you do within your Department to eliminate waste? President-elect Clinton says a "revolution in government" is needed. How would you "revolutionize" government?

Answer. I agree completely with President-Elect Clinton's assessment that we need to eliminate waste in government. I believe that we can do so by bringing a new managerial perspective to government that emphasizes quality, focus, and dedication to mission. By providing the Commerce Department with clear objectives and a process for monitoring our progress towards those objectives, we can improve appreciably the Department's performance.

It may also be appropriate to change a variety of other management processes within the Department, but I would not want to take a position on that issues until I have had the opportunity to review the existing operations.

Question 2. How much money do you believe could be saved by eliminating government waste in your Department? Would you please report back to this Committee by March 15th what your plans in this area would be.

Answer. I could not now provide an estimate as to savings attributable to the elimination of waste or inefficiency within the Department. But I look forward to reporting back to the Committee throughout my tenure as to our progress in improving the efficiency of our operations.

Question 3. In December, President-elect Clinton reacted favorably to former President Reagan's suggestion to him to revise and implement our standing Grace Commission recommendations. Do you support implementation of those recommendations?

Answer. I was impressed by the effort that went into the Grace Commission report when it was released a decade ago, and will review it to determine whether there are specific recommendations that are worthy of implementation and of relevance to the Commerce Department.

POSTHEARING QUESTIONS ASKED BY SENATOR BURNS AND ANSWERS THERETO BY MR. BROWN

Question a. Given your background, a successful attorney with experience and expertise as a lobbyist for foreign and domestic interest, activist and advocate, and chairman and long time director of the Democratic Party—why do you want this job? How do you perceive today's economy? In your view, can government fix it?

Answer. In my opening statement to the Committee at my confirmation hearing, as well as in questions submitted for the record prior to that hearing, I discussed my interest and excitement in becoming Secretary of Commerce, my qualifications, and my general approach to the economy.

Question 1. As we close in on the 21st century, high technology is, and will continue to be, one of the key industries for U.S. competitiveness. As you know, during the last Congress Senator Gore and I introduced legislation calling for the development of an advanced, broadband communications infrastructure, connecting every home, hospital, school and business in the U.S. by the year 2015. If confirmed, what would you do to promote American technology, and more specifically, do you support, and would you actively encourage, the development of a broadband "information highway" as Vice President-elect Gore and I have proposed?

Answer. President-elect Clinton, Vice President-elect Gore and I are all committed to using the Federal government as a catalyst for development of new technologies. In the past, Federal money spent on science and technology has proven to be one of the best long-term investments the Federal government can make. In the campaign position paper, "Technology: The Engine for Growth," President-elect Clinton and Vice President-elect Gore proposed increasing Federal efforts to work with industry to fund development of new technologies that will create the new industries of tomorrow. Certainly, the development of an "information highway" will be a first focal point for our technology efforts in the new Administration.

Question 2. Some have suggested that the Commerce Department should look at Japan's Ministry of International Trade and Industry (MITI) for guidelines on how to more proactively assist and direct U.S. industry, domestically and internationally. Others have expressed concern, arguing against any sort of "industrial policy" which picks winners and losers. what are your thoughts?

Answer. Most experts agree that Japan's Ministry of International Trade and Industry is a unique institution that could probably not be replicated in the U.S. even if we wanted to.

The Department of Commerce must view its various programs in technology development, export promotion, protection of the environment, and economic development as elements of a comprehensive strategy to enhance U.S. competitiveness and economic strength. This approach is important because there is no single "silver bullet" that will increase our competitiveness. It will require faster commercialization of new technologies, increased access to foreign markets, more patient capital, adop-

tion of "best practices" by U.S. firms, and a skilled workforce operating in a "high-performance" work organization. Without some vision as to how these pieces can be woven together into a coherent whole, Commerce Department efforts on behalf of U.S. industry will be ineffective.

Question 3. The U.S. telecommunications manufacturing industry has expressed deep concern over the actions of the European Telecommunications Standards Institute, or ETSI, a creation of the European Commission. That organization, with the apparent support of the EC, is considering implementing a policy which in many cases would take over world-wide control of American patents and technology. How would you view this matter, and what would you do to aid U.S. telecommunications manufacturers if you are confirmed?

Answer. Japan, the European Community, and, indeed most countries, have used the standard-setting process to favor domestic products. As the volume of world trade has increased, this has become an increasing barrier to free trade—one to which I believe the U.S. government has not paid adequate attention. If confirmed, I intend to work closely with U.S. industry and international standard-setting bodies to see that standards are not used to create non-tariff trade barriers. In many cases, particularly in the area of information technology, we should be working with standard-setting bodies in Europe and elsewhere to explore adopting common world-wide standards, which make it easier for American firms to sell overseas.

Question 4. Do you believe any restructuring of the communications policy apparatus is appropriate, and if so, what changes will you recommend a member of the Clinton Administration?

Answer. It is, I believe, accurate to characterize our national telecommunications policymaking as a fragmented hodgepodge of often conflicting directives and counterdirectives, proposals and counterproposals and legal proceedings. The FCC, the Department of Justice, the Department of Commerce (NTIA), Congress, the courts, and the various segments of the private telecommunications and information sectors are all involved and have a point of view. The bifurcated jurisdictional scheme created by the 1934 Communications Act with shared responsibility between the federal and state governments adds to the confusion. This, of course, is in contrast to the way many other countries implement their telecommunications policies, wherein cabinet-level ministries are fully dedicated to telecommunications issues.

I am concerned by the tendency over the past several years towards fragmentation of telecommunications policymaking, but I do not believe that the existence of different views and proposals from different federal agencies is necessarily counterproductive or unproductive or constitutes a structural problem. Similarly, state governments have played an important role in telecommunications policymaking, and often the states have proven to be exceptional "laboratories" for new and innovative applications of telecommunications or information technologies. The participation of different entities with different perspectives can be helpful as long as there is coordination of the activities and input of the various parties. A priority of the Department of Commerce will be to improve coordination of activities and decisionmaking among the federal government agencies that share jurisdiction for development of telecommunications policies.

The National Telecommunications and Information Administration (NTIA) is, by statute and Executive Order, the executive branch agency principally responsible for advising the President on telecommunications and information policies. NTIA also has the responsibility of presenting Executive Branch views on telecommunications matters to the FCC and, in conjunction with OMB, to the Congress. NTIA will vigorously discharge its responsibilities and actively will be involved in the development of our nation's communications and information infrastructure.

Question 5. The consequences of this fractured state of U.S. telecommunications policymaking has become especially apparent in the context of trying to develop a nationwide telecommunications infrastructure which includes the public switched telephone network, cable television, over-the-air terrestrial broadcasting, private communications networks, cellular, microwave and satellite transmission facilities, and other transmission technologies. Taken together, these technologies will serve as "electronic highways" that will support America's new informationbased economy. Isn't this what S. 1200 is all about—trying to rationalize and make sense out of this hodgepodge of interest, proposals, etc., so that delivery of the voice, data, and video made possible by these technologies will be universally available—linking every business, educational institution, and residence? Shouldn't our government be encouraging and promoting a coordinated and coherent national telecommunications policy?

Answer. Since my nomination to become Secretary of Commerce last month, I have spent a considerable amount of time talking to CEOs and presidents of computer and communications companies. It is clear that the new products and services

they are developing have the potential to dramatically improve the productivity of American workers and our quality of life. But that will require development and deployment of a national telecommunications infrastructure as ubiquitous as the phone system, but with hundreds and thousands of times the capacity.

Unfortunately, as you note, government policies have not kept pace over the past twelve years. Far too often telecommunications policy decisions by federal agencies have been disjointed and uncoordinated. Immediately upon confirmation I will work to improve coordination of activities among the government agencies that share jurisdiction for telecommunications policies.

Specifically, as Secretary of Commerce, I will work with the Federal Communications Commission and other agencies to develop technical standards and telecommunications policies designed to promote the rapid development of a national telecommunications and information infrastructure. Such policies and standards will be designed to ensure or facilitate the interconnection of the various network components that will comprise the communications and information infrastructure. Aggressively moving to develop interconnection standards will lead to a more competitive and dynamic telecommunications industry and fuller use of the developing infrastructure.

Question 6. Critics of an integrated broadband network say such networks are neither technically feasible at this time nor economically desirable. Other governments have reached the opposite conclusion, have they not? If we don't move forward with a plan for a broadband network, don't we risk falling behind our international competitors?

Answer. While there is debate over just how quickly the present telecommunications infrastructure can and should be upgraded, no one is arguing that it would not be put to good use. The university research community, through the Internet, is already demonstrating how ubiquitous networks can shorten the time it takes to find, process, and share information. Researchers are finding new ways to work together, sharing documents, data, and images instantly over the network. With every advance in telecommunications technology, we discover new applications and new, unanticipated benefits.

The key question then becomes, how can the Federal government most effectively work with industry to spur the huge private-sector investment needed to build a ubiquitous, public network? As Commerce Secretary, I look forward to working with the members of this Committee and others on the Hill to answer that question.

Question 7. NTT is aggressively pursuing the deployment of broadband technology in rural Japan through its "Teletopia" project. Does the United States have any similar plan for rural America? Would passage of S. 1200 be more likely or less likely to result in the more rapid deployment of broadband technology in rural America?

Answer. At this point, the U.S. has not formulated a comprehensive vision of what the telecommunications infrastructure of the next century will look like. This is not an easy task, given the rapid pace of technological development and the many different, often competing, sectors of the telecommunications industry. However, with strong Administration leadership, I believe industry and government can join together to draw a blueprint for a national telecommunications infrastructure and identify and remove the barriers that might slow construction of such an infrastructure. Without such a vision, we risk ending up with thousands of private, balkanized networks serving a small percentage of the population and providing little or no service to everyone else.

I believe S. 1200, which you, Senator Gore, and Senator Dole introduced has helped spur the process of defining the vision here in Congress. We need to have goals and we need to look closely at how current regulatory policy could be changed to help industry fulfill them. For that reason, I look forward to working with you and other members of Congress on legislation to do that.

Question 8. In her testimony before the House Subcommittee last June, then Assistant Secretary of Commerce Obuchowski testified that there is cause for concern because it appears that the U.S. may lag behind some of its trading partners in the deployment of advanced switching and signalling technologies. In your view, why should we be concerned and what should we do about it?

Answer. America always should strive for a first-rate communications system that meets the competitive needs of business and the public. However, I do not necessarily agree that the U.S. lags behind its trading partners in deployment of advanced switching and signalling technologies. The American telephone industry is the largest purchaser of switches and transmission equipment in the world, and the switch market in America is open to a number of key foreign manufacturers, which sell their equipment here and elsewhere. In addition, American phone companies are completing deployment of a modern signalling system which greatly enhances

the functions of the network. Other countries may be further along in developing broadband switches, and that could be an area of concern, but one which might be remedied by the marketplace and the need of cable companies for broadband switches to deliver video programming. In summary, I agree that American telecommunications companies must continue to make progress and dedicate themselves to investing in advanced switching and signalling technologies, and that the role of the Commerce Department is to monitor and promote this progress.

Question 9. It seems fairly self-evident to me that the opportunity for telcos to provide cable programming will increase and accelerate the telcos incentives to construct integrated broadband network facilities to carry that programming to the home. In turn, those facilities would make available a vast array of voice, data and video services. Do you agree?

Answer. The Clinton Administration will explore a number of different options to accelerate the development of a broadband network, including allowing the telcos to provide video programming, promoting video dialtone services and increasing competition from alternative network providers.

Question 10. With respect to the FCC's Docket No. 87-266 (telephone Company-Cable Television Cross-Ownership Rules), it has been said that mandating the creation of video gateways without permitting telcos to be among the service providers over those gateways imposes substantial costs with virtually no corresponding benefits. In other words, in your opinion, is video dialtone enough to provide incentives for the deployment of modern feature-rich infrastructure such as that envisioned by S. 1200?

Answer. Experiments and trials with video dialtone are currently in their first stages. Until the video dialtone trials are up and running at full steam, it is premature to judge whether video dialtone is sufficient to provide incentives for telcos to invest in a "modern feature-rich infrastructure".

Question 11. I think you would agree that it would make no sense if we built an interstate highway system without the feeders, or if relied on local dirt roads to connect with six-lane interstate highways. But isn't it just as inefficient to have fiber deployed in the long-distance portion of the public switched telephone network, while the local distribution component of the network still uses the "twisted pair"?

Answer. I agree with you that it would make no sense for the country to have built an interstate highway system while relying on "dirt roads" to connect to them. Likewise I think most people would agree that simply replacing the dirt roads accessing the six-lane highways with six lane highways may not be what every driver on the road needs. Not many people want or need to leave their driveway at 60 miles per hour. The key concept is access. Everyone who wants or needs access should have it. In telecommunications, the NREN is a perfect example of a high speed network for highly specialized applications. it will serve well the people who will use it—researchers, scientists, and educators. For the general public there is a need to upgrade the public telecommunications network from the "dirt roads" you describe and I look forward to working with the Congress to determine the kinds of telecommunications "on and off-ramps" we need, can afford and can build rapidly.

Question 12. During Subcommittee hearings in the last Congress, one witness (Thomas Gillett) said "We already have the communications infrastructure necessary to provide all of the services envisioned in the Information Age." Do you agree?

Answer. I do not agree with the assertion that "we already have the communications infrastructure necessary to provide all of the services envisioned in the Information Age." For that reason, I will ensure that one of the highest priorities of the Department of Commerce will be the development of a modern telecommunications and information infrastructure that will serve the needs of the American people for decades to come.

Question 13. The 102nd Congress enacted a massive highway bill, The intermodal Surface Transportation Efficiency Act. We recognized, (and I quote from the Conference Report) that an "intermodal transportation system—the use of connections between, and improved access to, different forms of transportation, to enhance efficiency—will be the key to meeting the economic challenges of the coming decades [and] we can no longer rely on a transportation system designed for the 1950's to provide the support for American industry to compete in the international marketplace." Can't the same be said about our telecommunications infrastructure; and if so, shouldn't Congress come to grips with the problems now, as it did with our national transportation system? Doesn't our ability to compete as a nation depend on a modern communications infrastructure?

Answer. A key goal of the Clinton-Gore Administration in the development of a national telecommunications infrastructure will be to improve access to the network and connections between segments of the network. It is almost beyond question that

telecommunications and information industries and technologies will be central to our nation's ability to remain economically competitive. As Secretary of Commerce, I will work with other relevant federal agencies, including the FCC to develop technical standards and telecommunications policies designed to ease interconnection and interoperability of various segments of the network. Ensuring the development of interconnection standards in a timely fashion will promote greater use of the telecommunications network and lead to a more dynamic telecommunications industry.

Questions 14-24.—

Answer. These questions raise a variety of regulatory and policy issues concerning telecommunications. I look forward to working with the NTIA to develop policy strategies on these complex and interrelated issues. Given that I have not yet had full briefings from the NTIA, and given that I have yet to discuss these issues with the President elect and other Administration officials, I am not in a position to provide complete statements of Administration policy at the current time.

The Commerce Department will review carefully all of the issues raised by your question with an open mind as we consider policy options for increasing investment in the telecommunications infrastructure. Any policy recommendations that the Commerce Department or NTIA make with regard to the MFJ line of business restrictions will be communicated only after full consideration of the implications of such recommendations on ratepayers, the public interest, universal service, technological advancement and development, economic competitiveness and preservation and enhancement of competition in our domestic marketplace.

Question 25. It took Congress about 10 years to enact the new tourism policy and Export Promotion Act of 1992. It creates important new programs to help U.S. destinations target and capture overseas tourism customers who might otherwise go elsewhere. As you may know, travel and tourism is one of the few areas in which the United States is running a trade surplus. But we can't just sit back and hope this continues. Will tourism trade promotion be one of your priorities, and if so, what steps do you see as necessary in this area?

Answer. I am committed to promoting U.S. travel and tourism as a source of U.S. exports and as a vehicle for local and regional economic development. Moreover, I believe that the government must promote these activities so that they are presented to the foreign traveler as an integrated "package" of destinations that complement, rather than compete, with each other. I also believe that we should develop new, rural, tourist destinations that capitalize on the richness and uniqueness of the American way of life. As Secretary, I will emphasize these.

Question 26. President-Elect Clinton has stated that the new Administration will do its part to support travel and tourism in the United States and that USTTA will receive his support for "a level of funding which ensures that the United States international marketing effort is competitive with that of other countries. Just what does that mean? Do you support increasing USTTA's funding beyond the \$21, \$22.5, \$24, and \$26 million levels we recently approved for fiscal years 1993 through 1996?

Answer. I support the President-Elect's intentions to guarantee the USTTA a level of funding that assures that our promotional activities are effective and competitive. I will give this area a high priority as we prepare our budgets for submission to the Congress.

POSTHEARING QUESTION ASKED BY SENATOR PRESSLER AND ANSWER THERETO BY
MR. BROWN

Question 1. According to the January 5, 1993 edition of "Congress Watch," published by the National Journal, your law partnership, Mr. Brown, paid you \$580,000 income in 1992 and that you valued that partnership at over \$1 million. You stated to me that this 1 million would be paid to you upon termination of your partnership with Patton, Boggs, and Blow. A number of government leaders, lawyers and consultants have informed me that this severance pay from a lobbying firm is very unusual under the circumstances.

I would appreciate receiving a detailed analysis of how the amount of \$1 million was determined. Does the firm use a formula? If so, how is this formula derived? If a formula is now used, what factors are used to determine the partnership value? Is this \$1 million payment for clients you brought in to the firm—clients that most likely will remain there? Under normal circumstances, that would be acceptable. However, when someone leaves a Washington-based firm to become a high-level government official, it could be viewed questionably, especially if unsubstantiated.

I am sure that there is a valid justification for the payment. However, future questions could arise if the basis for this payment is not substantiated. Therefore, could you explain specifically the method used to determine the value of your part-

nership share? I believe doing so at this time would clear up this potential ethical cloud and protect you.

Answer. I am attaching and incorporating as part of my response a copy of a letter Timothy J. May to Senator Danforth which answers in significant detail the questions which you have posed concerning my termination from Patton, Boggs and Blow. As is readily apparent from Mr. May's letter and its enclosure, I am receiving a lump-sum payment on or before my date of departure in accordance with the pre-existing Partnership Agreement. I will receive neither more nor less than I or my estate would receive in the event that I died, retired or was expelled from the firm. As an equity partner I will be paid only what I presently own:

A) My capital account balance on the date of my departure, which is the amount I have been required to invest in the firm;

B) My percentage interest in the accounts receivable of the firm, and;

C) The already-earned interest on the partners' capital account.

As an equity partner, I have a fixed percentage of the profits, losses, and expenses of the law firm for each year the firm operates. My percentage is fixed in advance for the year based upon my performance relative to that of the other equity partners, in the preceding year. Essentially, I own my share of both the receivables of the firm and of the work in progress not yet billed. Nothing the law firm wished to do negates my ownership right, nor can the firm vary for any reason that to which I am legally entitled.

[Appendix 1—Letter from Timothy J. May to Senator Danforth dated January 15, 1993 may be found in the committee files.]

POSTHEARING QUESTIONS ASKED BY SENATOR MCCAIN AND ANSWERS THERETO BY
MR. BROWN

Question 1. Were you aware of any contact, social or professional, between any members of Mr. Walsh's staff with Democratic Party operatives, activities, volunteers, staff members or office holders, at any point during Mr. Walsh's investigations?

Answer. No.

Question 2. Were you aware of any such contacts between President-elect Clinton's campaign staff, including volunteers, contributor, or professional staff, with any members of Mr. Walsh's staff at any point during Mr. Walsh's investigation?

Answer. No.

Question 3. Did you know any member of Mr. Walsh's staff and, if so, would you enumerate any social or professional contacts you might have had with them during the course of their investigation?

Answer. Not to my knowledge.

Question 4. Did you ever hear the matter of Mr. Walsh's work discussed, including, but not limited to, the indictment of Mr. Weinberger by individuals who claimed to have had inside information on the matter?

Answer. No.

POSTHEARING QUESTIONS ASKED BY SENATOR SPECTER AND ANSWERS THERETO BY
MR. BROWN

Question 1. Reports indicate that in your position as Chairman of the Democratic National Committee you conducted efforts to build state and local political fund raising programs. Those reports indicate that these programs raised from businesses and individuals funds which are not regulated by the Federal Election Commission. As Secretary of the Department of Commerce, the Department may regulate the business transactions of the corporations and individuals the Democratic National Committee sought to raise funds for political contributions. Do you consider this a conflict of interest and if so, how would you propose to address the Departments handling of issues of interest to these corporations and individuals? Please provide a list of these corporations and individuals.

Answer. I have no personal financial interest in the entities that donated funds and did not personally benefit from such donations. Beyond that standard, however, I fully understand the difference between my responsibilities as Chairman of the Democratic Party and my responsibilities as Secretary of Commerce. I will assure the President, the members of this Committee, and the public that no special treatment will be afforded any individuals or corporations on account of their past relationship with the Democratic Party.

The lists for 1991 and 1992 are on file with the Federal Election Commission. It has been my policy since assuming the Chairmanship of the Democratic Party to

fully disclose the sources of all non-federal funds and those sources are public information.

Question 2. Reports indicate that you first filed with the Justice Department under the Foreign Agents Registration Act in 1982 in order to represent a number of foreign government-and foreign-held companies, including Guatemala, Haiti and Japan, and remained a registered foreign agent until July 1992 as a Partner of the Washington law firm of Patton, Boggs and Blow. In view of your historical relationship with these foreign clients, how do you propose to handle issues brought before you or the Department by these foreign governments and foreign held corporations. Will you be the final decisions maker on matters concerning some foreign clients?

Answer. I will handle issues involving former foreign clients consistent with my recusal policy set forth in the letter of certification from the Office of the General Counsel at the Department of Commerce to the Office of Government Ethics. My short-form filing in 1982 required the listing of foreign clients represented by the firm. As you are aware, it has been many years since I represented Haiti, and when I did provide legal services it was for selected matters. I clearly have no continuing financial interest in Haiti or any other foreign entity. There is no conflict of interest.

Question 3. Under what circumstances would it be appropriate for you to recuse yourself from deciding issues affecting those governments or companies? Please provide a client list.

Answer. Since I have not represented any foreign interests in recent years, and I have no financial interests related to my past foreign representation, I cannot foresee any such circumstances.

Question 4. Do you currently collect a salary from your law firm Patton, Boggs and Blow? If and when you are confirmed, what are your arrangements with your law firm relative to severance of your business relationship with the firm. Please include a description of any financial arrangement.

Answer. I do not collect a salary from Patton, Boggs and Blow. Attached herewith as Appendix 1 and incorporated herein as a part of my response is a copy of a letter from Timothy J. May, Managing Partner of Patton, Boggs and Blow, to Senator Danforth. Mr. May's letter fully describes the arrangement between Patton, Boggs and Blow and myself relative to the severance of our business relationship. As set forth in Mr. May's letter, termination of my financial interests in Patton, Boggs and Blow will be in accordance with paragraph 4.05 of the pre-existing Partnership Agreement. Specifically, I will be paid only that which I presently own:

A) My capital account balance as of the date of departure, which is actually what I have been required to invest in the firm.

B) My percentage interest in the accounts receivable of the firm, and;

C) The already-earned interest on my capital account.

In accordance with the provisions of the Partnership Agreement, I will receive a lump-sum payment on or before my departure from the firm. The amount of the payment is based upon an evaluation of the probability of collection of receivables and work-in-progress. The accounting firm for Patton, Boggs and Blow is making the calculations necessary to determine the proper settlement payment to which I am entitled under my contractual partnership rights.

Question 5. In view of your law firm's practice areas, how do you propose to handle issues brought before you at the Department of Commerce in which the law firm has a financial stake.

Answer. As I have stated clearly elsewhere in communications with this Committee, for the duration of my term I will not engage in any personal professional contact with any member or employee of my former law firm on any issue before the Commerce Department. Additionally, I have terminated all my financial interests in Patton, Boggs and Blow. Furthermore, as previously disclosed, to avoid even an appearance of conflict, I will disqualify myself for one year from participating in any matter likely to have a specific and differential effect on Patton, Boggs and Blow.

Question 6. It has been reported that you arranged for your son Michael to be hired by Global USA. These reports indicated that Global USA lobbies on behalf of Japanese clients. How do you propose to handle issues before you and the Department in which family members have a financial stake?

Answer. I do not know to what reports you are referring. I am very proud of the accomplishments of both my children and pleased that both my son and my daughter chose the legal profession as their life work. However, the information concerning my involvement with the employment of my son Michael is in error. I did not arrange for my son to be hired by Global USA. Of course, I will not participate in any matter in which my son, or any other close family member, is serving as the attorney or representative or is a party. I will also not participate in any matter which is likely to affect the financial interests of a member of my household.

Question 7. Reports indicate that during your tenure at the Democratic National Committee your law firm, Patton, Boggs and Blow, was appointed bond counsel for the District of Columbia. This was done in spite of, as reported, your firm's limited experience in this area. What role, if any, did you play in Patton, Boggs and Blow's receipt of the District of Columbia's bond counsel business?

Answer. I have been a "Red Book" listed lawyer since 1987. Although Patton, Boggs and Blow does not specialize in public finance, many of the firms' attorneys are skilled in this area. While I did sign a letter on behalf of Patton, Boggs and Blow which was sent to the District of Columbia, I did not participate in further solicitation for the award of the contract.

Question 8. According to recent reports, it is alleged that a business venture with which you are affiliated received a large contract from the City of New York to remove a sludge shortly after New York was named as the location for the 1992 Democratic National Convention. What role, if any, did you play in the acquisition by Chemfix Technologies, Inc. of this contract?

Answer. I covered the Chemfix topic in considerable detail during my testimony before the Committee on January 6, 1993. Chemfix never received a contract and I never made contacts with any New York City official on this matter. I have attached pages 15, 16, 52, 53 and 54 of the proceeding transcript and incorporate the testimony therein contained as my response to this inquiry regarding Chemfix Technologies.

[Appendix 1—Letter from Timothy J. May to Senator Danforth dated January 15, 1993 and Appendix 2—Transcript Pages 15, 16, 52, 53, and 54 may be found in the committee files.]

LETTER FROM RONALD H. BROWN TO SENATOR LOTT

JANUARY 18, 1993.

The Honorable TRENT LOTT,
U.S. Senate,
Washington, DC 20510

DEAR SENATOR LOTT: I am writing in response to your two letters of January 8 and your subsequent letter dated January 14. Attached to and made a part of my response is a copy of a letter (with enclosures) to Senator Danforth (identical letters were sent to Chairman Hollings) from Timothy J. May, Managing Partner of Patton, Boggs and Blow which sets forth in detail the basis upon which I will receive any and all payments from Patton, Boggs and Blow following my resignation from the firm. (Appendix 1) As Mr. May states in his letter, termination of my financial interests in Patton, Boggs and Blow will be in accordance with paragraph 4.05 of the partnership Agreement to which I referred during my confirmation hearing on January 6, 1993. (Transcript at page 30). Specifically, as a departing equity Partner, I will receive the same treatment as any other equity Partner "who dies, resigns, retires or is expelled":

- a) My capital account balance on the date of departure;
- b) My percentage interest in the accounts receivable of the firm; and
- c) The already-earned interest on partner's capital account.

Paragraph 4.05(e) of the Partnership Agreement allows for a lump sum liquidation payment to be made, which payment will be contiguous with my departure from the firm. Additionally, the record of my hearing testimony reflects my representation to the Committee that I would provide the Committee with a copy of the Partnership Agreement on the condition that the firm was "willing to share the partnership agreement". (Transcript at page 30). As reflected in Mr. May's letter, I have discussed providing the full partnership Agreement to the Committee in response to your request. Mr. May has provided those provisions which may be deemed relevant. However, Mr. May declined, on behalf of the Patton, Boggs and Blow partners, to provide the full Partnership Agreement in that the agreement is regarded as highly confidential. It is important to note however that Mr. May's letter fully details the financial terms of my departure from the firm.

As concerns any pension benefits associated with Patton, Boggs and Blow, there are none. However, as disclosed on my financial disclosure report which was provided to the Committee, I have a retirement account invested in a number of securities. These securities will be divested and will be re-invested in a broadly diversified mutual fund or other non-conflicting interests.

My response to Section D(4) of the United States Senate Committee on Commerce, Science and Transportation Questionnaire Submitted for Completion by Presidential Nominees was my response to questions concerning my lobbying activities rather than to client representations in the broader context. Certainly, I pro-

vided services as a member of my firm to many clients over the course of the past 10 years. Obviously my resignation from the firm terminates my involvement with the firm and any of its clients. I would like to emphasize that, for the duration of my term as Secretary of Commerce, I will not engage in any personal professional contact with any member or employee of my former law firm on any issue before the Commerce Department.

In response to your questions concerning my various business holdings and the waivers which I will seek upon the advice of the Office of Government Ethics and the Office of the General Counsel of the U.S. Department of Commerce, you should know that both offices spent considerable time and effort formulating their opinions before issuing the certification as to potential conflicts of interest. Further, it is important for me to point out that my actions regarding potential conflicts of interest or appearance of conflict exceed OGE standards as well as interpretation of those standards by the ethics offices at the Department of Commerce. Before addressing your specific questions to the companies for which waivers will be sought, I would like to inform you that I am terminating my personal business relationship with Public Employee Benefit Service Corp. (formerly PEBSCO Municipal Securities Corp.) and Kellee Communications. Therefore, I will not be seeking a waiver as to either of these entities.

Boston Bank of Commerce, a single bank holding company located in Boston, MA, is 100 percent minority owned. I am a passive investor in the holding company with ownership of less than 10 percent of the outstanding and issued stock. Having resigned as a Director, I have no operational or management involvement in the activities of the company. Harmon International is an equipment leasing company of which I am the sole shareholder. I have served in the past as President of the company, a position from which I have resigned. As to the companies discussed in this paragraph, I intend to seek a waiver, as authorized under conflict of interest laws, for my financial interests. My interest in each of these companies is less than 10 percent of my net worth and is not substantial. Thus, I am eligible for a waiver under the applicable conflict of interest statute, 18(U.S.C.)208(b)(1). If the waiver is issued, I will disqualify myself from matters which are likely to have a specific or differential effect on the companies. Given the business activities of these companies, it is unlikely such a matter would be pending at Commerce, in any event. I would be able to participate in matters which may have an incidental effect on any of the companies as a member of any industry sector, however. For example, I will be able to participate in trade issues concerning banking services which are likely to affect the entire banking industry.

As to your inquiry concerning contributions to the Democratic National Committee or Democratic candidates, I have no financial interests in such contributors and will not be influenced by their past political contributions.

You expressed concern about my recusal regarding members of my family. I am unclear as to your meaning relative to the term "involved". However, as provided in Federal ethics regulations, I will not participate in any matter in which a member of my household has a financial interest. Regarding my adult children and other close relatives who are not members of my household, also, as provided in Federal ethics rules, I will not participate in any matter in which they are a party or serve as a representative.

You also inquired as to my ownership of Capitol PEBSCO and Public Employee Benefit Services Corporation. I am, I'm sure you are now aware, divesting of all my interest in these entities.

Finally, neither I nor any of my staff had contact or communications with Special Prosecutor Walsh, his assistants or any member of his staff concerning the Weinberger indictment and the timing of its announcement.

I hope that these are satisfactory responses to your questions. If further information is required, I will be pleased to provide it.

Sincerely,

RONALD H. BROWN,
Commerce Secretary Designee.

[Appendix 1—Letter from Timothy J. May to Senator Danforth dated January 15, 1993 may be found in the committee's files.]

[Boston Sunday Globe, January 17, 1993]

IT'S NOT RON BROWN WHO'S SLEAZY, IT'S THE MEDIA

(By Thomas Oliphant)

WASHINGTON—The defamation of Ronald H. Brown has taken many forms this month, but the falsehoods usually begin with basic and therefore revealing errors in biography.

It is, after all, much easier to characterize someone as a sleazeball influence peddler if you first rearrange the facts of his life to fit the entertaining preconception.

To wit, therefore, the following from The Washington Post on Jan. 6: "After a short, successful career as a Senate staff member, Ronald H. Brown decided in 1981 to change course. He went to work as a lobbyist and soon was representing corporate clients before the Senate Judiciary Committee, where he had served as chief counsel."

Wrong. Ron Brown left the Urban League in 1979 to join Sen. Edward Kennedy's presidential campaign. When it ended in the summer of 1980, Kennedy chose him to be the first black person to head the staff of a major congressional committee.

After a few months, however, it was no longer possible for Brown to be the Judiciary Committee's chief counsel. There was, you see, an election in 1980, and the Democrats lost control of the Senate to the Republicans, who named their own chief counsel.

Brown spent a few months at Harvard and then joined his law firm. Those facts do not fit the latest portrait of Brown; that's why you haven't been exposed to them lately.

I say the "latest" portrait because just four years ago the politico-journalistic world was painting a totally different one. In 1989, the line was that Brown couldn't be a good chairman of the Democratic Party. Because he was a liberal former Kennedy guy who had helped Jesse Jackson in 1988, the know-it-alls pronounced Brown incapable of raising money and uniting the presumably moribund institution.

When he proceeded to do both and helped elect Bill Clinton in the process, the know-it-alls switched gears instantly and attributed his phenomenal success to the heavyweight, insider, shady influence he was assumed NOT to have four years ago.

And so it goes through all the rest of Brown's purported sins. For example:

- He fronted for the Duvaliers in Haiti. Wrong. Brown represented the government in its attempt to win certification to join President Reagan's Caribbean Basin Initiative. His job involved getting his client to institute the specific reforms of labor standards necessary for certification. He did so.

- He was the lobbyist for Japanese consumer electronics companies, presumably stealing American jobs on behalf of the evil foreigners. Wrong. He represented the US subsidiaries of some of those firms in a copyright dispute involving the American entertainment industry. He had no other ties to them.

- His law firm represented the infamous banking crooks of BCCI. Brown, however, has never had one second's involvement with BCCI, and the records of every one of the zillion-page probes of this scandal bear him out.

- He is getting a huge farewell payoff from his law firm. Wrong. Brown is a partner in Patton, Boggs & Blow; in severing all ties to it to become secretary of commerce he must sell his partnership share. He will be paid what that share is worth.

- Big corporations with government business before the Commerce Department were bankrolling a big bash for Brown this weekend. Wrong again. The now-cancelled affair was planned long ago.

This fascinating, mass debasement of journalistic standards is intimidating. To stand against it is to invite cries of whore from today's libel-spreading, Cotton Mather wannabes.

No matter. I encountered something similar when as a civil liberties liberal I defended the late John Tower four years ago when President Bush nominated him to head the Pentagon. I had the odd notion then that a reputation should only be questioned by public witnesses offering factual testimony, not by anonymous voices in raw FBI interview reports locked in some room.

This time the sin is worse. To cast aspersions on the basis of associations rather than conduct is the essence of McCarthyism. To blemish character with questions as opposed to answers is the essence of unethical if not libelous journalism..

Ron Brown will be confirmed because his character is unimpeachable, his conduct above-board and his qualifications and record superb.

The sleaze in this sorry episode has been ours, not his.

PREPARED STATEMENT OF BERNARD E. CONOR, CONCERNED AMERICANS

My purpose in submitting testimony is not to contest confirmation of Mr. Ron Brown. Factors which qualify him for Secretary of Commerce and which disqualify him for that position have been amply explored by the media and brought to your attention. Rather than engage in a redundancy of qualifiers and disqualifiers let me proceed directly to those matters which are consequential to the economic well being of the United States; matters involving an understanding of trade issues. At this point the American public is not apprised of what the nominee understands with respect to policies and practices necessary to achieve "fair trade" as opposed to the ill starred "free trade" ideas rampant in Washington; most dear to lobbyists who represent foreign companies and countries.

United States is an open bazaar, the only nation in the world embracing antiquated and mythical free trade concepts in a mindless manner, making it the laughing stock of other nations around the world. Does the prospective Secretary of Commerce understand this?

This is a question that should apply to the prospective U.S. Trade Representative as well.

Regrettably, the free trade advocates—to say nothing of the lobbyists who have profited so handsomely from it—have led us from an industrialized economy to impoverishment as a deindustrialized nation with a tax base insufficient to the purpose of financing a welfare state. Industry after industry has disappeared over the last 30 years. Corrosive foreign competition not the competitiveness of industry nor the quality of the American work force has caused the demise of many kinds of industries. Failed free trade premises and lack of understanding of the policies and practices of other nations have brought us to this point of rapid descent.

There are those who still bring up the power words "protectionism" and "managed trade". Recognize that those who go about pasting those labels on any pragmatic efforts to create fair trade practices want to keep things as they are.

President-elect Clinton—during his campaign for the Presidency—averred that his government would be more open. Yet persons knowledgeable about significant subjects of concern in confirmation proceedings have been excluded, notwithstanding, in this case the fact the deficit will not likely be brought under control until the trade imbalance is brought under control and reduced progressively. This constitutes business as usual. Mr. Brown for his part seems to be relying upon his experience as a lobbyist working for foreign entities to know how they operate and therefore be able to turn on them now. Dealing with the policies and practices of economic aggression by foreign companies and countries and how he plans to go about it are subjects that should have been addressed publicly. Concerned Americans need assurance not the mere promise that action will be taken.

A number of years ago the late Senator John Heinz was daring enough to hold hearings that dealt with doing business in Japan. Many invited to give testimony did not testify.

To appreciate how rough the Japanese are at intimidating American companies, Senator Heinz made this statement to all of us who were testifying before him:

"We invited a very substantial number of other industry groups and individuals to testify at this hearing or to submit statements for the record. Many of them declined and gave oblique reference to their fear that they would be retaliated against by the Japanese Government, and I want to congratulate the present witnesses for their courage in being here."

My testimony at that time dealt with exclusionary practices in Japan which keep outsiders out of that market. Nothing has changed.

Japan is the most protectionist nation in the world and this has been tolerated while the Japanese engage in practices calculated to de-industrialize America. We are becoming, progressively, Japan's newest colony. And what has the U.S. Government done about it? What will Mr. Brown do about this state of affairs?

After real time experience in Europe and more than 40 years experience in dealing with the Japanese—and, by the way, making millions for AMF Inc. in the process—my concerns, have risen to the point of trying to wake up America to the consequences of in-action by our Government in dealing with Japan. If you care about understanding what has happened and is happening you'll read Japan's New Colony—America. And, if Mr. Brown takes everything as seriously as he says he does he might try securing from one of the U.S. intelligence agencies a translation of the text "Why Japan Will Be First" by Shintaro Ishihara who outlines the newest Japanese plan for economic aggression.

Be concerned about the Americans who help them achieve their ambitions. The new Secretary of Commerce may have already read the books cited and its likely that he may have at least given some attention to Pat Choate's Agents of Influence

and the Columbia Directory listing American firms representing foreign companies and countries. These are the persons he'll be confronting as they move about Congress gathering support for opposing fair trade. Will he be strong enough to fight it out with members of Congress mesmerized by "Free Trade" at all costs.

As pointed out in Japan's New Colony—America, for years our government officials have been unable to look out for the U.S. interests:

1) They were told to be nice to Japan as a developing nation and from a military security standpoint it was important to not upset them. Fact: geo-politicians have dominated our policy; not business persons; not economists.

2) Our trade negotiators were changing assignments every couple of years while the Japanese had the same people at the negotiating table for decades. Fact: U.S. trade negotiators have simply been out gunned by highly competent Japanese experts.

Some U.S. negotiators have had other strikes against them as well:

1) Too many have a legal background; not a business background with experience in real time long range trade operations.

2) Too little knowledge of the areas being negotiated. On the job training isn't working.

3) Concern that a strong position will hurt their chances to become a lobbyist for a Japanese entity. Some in the Congress are no doubt familiar with the names of some who ultimately switched sides.

4) Concern that a tough position will cause the Japanese to retaliate.

5) Lack of experience in working with the Japanese or other experience in international business.

6) Don't rock the boat. But as anyone who has dealt with the Japanese knows, you need to be tough and also embarrass them publicly to get any favorable action.

The Japanese negotiators do not suffer from the insufficiencies cited above. They win and we lose. Our trade deficit increased from \$21 billion in 1981 to over \$50 billion in 1989 and its rising. What exactly will the Secretary of Commerce and the U.S. Trade Representative do to reduce this deficit—not later—but now?

For openers it is recommended that he put people with proper experience and knowledge in key positions. For the longer term take action now to secure Legislation in the Congress banning anyone now in government from serving as lobbyists—inclusive of Law firms and PR firms—for foreign entities for ten years. inclusive of persons serving the Executive branch and the Congress. Unfortunately, more damage is done by the hopefuls while still in government who position themselves, endear themselves to foreign governments, than when they actually become lobbyists.

Next, put an end to subversion of the U.S. national interest by securing Legislation that permits only the same number of lobbyists for Japanese companies in the U.S. as American lobbyists in Japan.

The Secretary must resist the propaganda of hirelings of Japanese companies in the U.S. promoting the idea that horrible things will happen if the Japanese are irritated. What will be the courage quotient?

If as a result of real time negotiations a trade war with Japan should develop recognize that they will lose more than \$50 billion, perhaps up to \$80 billion, a year in their favorable trade balance. Sure, we will be hurt in some areas where we export to them. But they are smart people and will back off. They have too much to lose.

Under worst scenario we might have to go back to work and manufacture cars, trucks and all kinds of things and take the workers out of Burger King, McDonalds, brokerage houses etc. and put them in some real manufacturing work at better wages.

This may sound too tough for some people but you may recall some people were considered naive or even "bashers" when they cautioned us about Hitler or Saddam Hussein.

A line in the sand means nothing unless the Secretary starts taking actions with the promise of more to come.

For starters:

1) All parts imported for assembly at Japanese transplant—"screwdriver" plants of which the American content is not at least 75 percent will be subject to an inspection fee of 20 percent of the value of the part.

2) Until Japan permits American companies to sell all legal products in Japan directly or otherwise without restriction (e.g. meat, rice, lumber, cigarettes, spirits and cars etc. etc.) there will be an inspection fee of 15 percent on all of their imports in the U.S.

Recognize that Japan is a great economic power because its trade and dealings with America made it that way. Be sure of this, its economic strength was realized

almost entirely because United States permitted free access to our market while they restricted us from the Japanese market.

The key is to try to copy the Japanese restriction exactly. If it's alright for Japan, it must be alright for us to do the same.

Here are some examples:

Japanese position	Proposed U.S. action
1) Bans import of rice	Ban Japanese computers.
2) 20 percent duty on plywood	20 percent duty on Japanese textiles.
3) Limits US beef to about 60,000 tons	Limit import of Japanese FAX machines to 60,000 with same duties they charge on beef.
4) Limits on US cigarettes advertising and distribution	Place similar limits on Japanese Video games.
5) Limits US Department stores in Japan	Place similar limits on Japanese establishing auto parts manufacturing companies in America.
6) Limits US law firms use of name, etc	Place some limits on Japanese Financial firms.

This would not only greatly improve the situation of the American worker and farmer but it would be a great gift to the Japanese consumer. The Japanese would no longer have to pay \$20 to \$30 a pound for beef that we can buy for \$3 or \$4 a pound.

They could buy rice for a fraction of their present cost.

Prices on many items in Japanese department stores would drop 10 percent to 50 percent or more.

The Japanese Auto Transplants would have to buy parts from American parts manufacturers, instead of Japanese parts manufacturers coming to America, unless they open their markets.

When the Japanese government or its hirelings complain we can call them "American Bashers".

You may think some of these ideas are "far out", ridiculous and rough but I learned them from observing and working with the Japanese. They are great teachers!

It seems that we are bombarded daily by the financial experts and economists, who suggest the only way America can work its way out of the recession is for the consumers to start spending. They point out that two thirds of the spending is by consumers and only one third by business and government.

What they fail to point out is how the consumer should spend. If the spending is on new housing that would be good as almost all of the materials and labor in housing are sourced in America. That creates American jobs.

If the money is spent on products that are made in America, American workers have more income so they can buy the product and still have something left over to increase the overall savings,

However, if that spending is on imported automobiles, electronic equipment, etc. it has very little effect on helping America out of a recession. The money you pay for that imported product goes overseas to pay for their workers, for their materials, overhead and profit. We get only a few service jobs in America from that product. The spending on those imported goods not only doesn't generate any good jobs in America but it reduces our savings and increases our trade and budget deficits. It generates very little taxable earnings in America as President-Elect Clinton has pointed out.

It is quite clear that spending on domestic manufactured products has several times the good impact on our economy as spending on imported products. It would be fine if Americans could buy all the imported products they would like and they could with a balanced trade. But, we don't have a balance and this has cost hundreds of billions of dollars and millions of jobs.

We have to recognize the overall effect of buying a domestic manufactured product—not only for the manufacturer and its workers, but for their suppliers and the suppliers' suppliers etc. Also, the impact on all the local businesses near the factory, from the barber or hairdresser to the carpenter or plumber, to the local clothing store, to the doctor or dentist, must be added in. These local businesses are all supported by the American worker. It is quite true that when foreign consumers buy our products they are also supporting the American worker, unfortunately not many foreign consumers are or can buy our products.

When American working people have good jobs, particularly in manufacturing:

- 1) They pay taxes in America.
- 2) They are not on welfare.
- 3) They do not collect unemployment insurance.
- 4) They have money to spend in America.

When they don't have good manufacturing jobs, we get the reverse situation. is a prime-cause of many of the troubles our cities and states are facing. We see Bridgeport, Connecticut go into bankruptcy because they collect too few taxes and have such a burden to support the unemployed. We see similar problems in New York City and Philadelphia. Of course, all of those people added to the government payroll only compounded the problem.

I have noticed that Japanese, German and Korean workers who made so many of those products we buy, don't spend much money in America or pay taxes in America. I couldn't help but smile to myself when I read the headline in the New York Times on June 20, 1991, "Trade Gap Widened in April. Deficit is Viewed as Sign of Recovery". It goes on to quote the experts supporting this viewpoint.

My comment is—forgive them dear Lord for they know not what they say! None of those increased imports added jobs in America. It probably only means the people had enough confidence to go deeper into debt.

The big problems with the deficits, both budget and trade, and the troubles in our cities didn't start with the recession. These problems started long ago. The recession only accentuated them.

The 1991/1992 class of college graduates are having a most difficult time finding jobs. In fact, it is almost impossible to even get an interview.

The first reaction of many people is that this is because we are in a recession. The economic experts say the only way out of the recession is for the consumers to spend more.

The solution is not simply spending more but on where you spend your money.

You can see there is a much deeper cause for the lack of new jobs for our graduates than the current recession. It is the loss of our manufacturing base over the past several years.

According to a story in the International Herald Tribune MITI advised Japan inc. representatives to say away from Little Rock. Apparently they heard President-Elect Clinton as campaigner promise trade action vis-a-vis Japan and threaten what he would do to lobbyists. Subsequently, the Prime Minister of Japan in a moment of candor, advised that "we must just wait. let the hot air blow away", again reported in the International Herald Tribune.

The American people have a right to expect that the Prime Minister of Japan will be proven wrong soon. And, they have a right to expect that the Secretary of Commerce will articulate precisely and exactly how United States will go about implementing Fair Trade.

The bottom line is the need to re-industrialize America, put Americans back to work at good paying jobs and rebuild the tax base for retiring the U.S. National debt. So the challenge to the new Secretary of Commerce and the U.S. Trade Representative is to have the courage, experience and ability to carry out "FAIR" trade policies as outlined in these pages. Do they know why we failed for 30 years as our trading partners laughed at us for being so weak? Do they really know Japan and China and Taiwan and what they are doing to us? Do they know Japan is our most protectionist trading partner? And, what will they do to correct the problem?

I think the American people have the right to get specific answers to these points before they are confirmed since they are not known to have much if any experience in these trade areas which mean jobs for Americans. Unless we solve the trade deficit we will not be able to make much headway on the budget deficit.

I do not represent any special interest group unless the American people are considered as such. Many of us find it hard to understand why in past administrations and now in the new administration we have to appoint former lobbyists for foreign entities to represent the American people in international trade matters with those same foreign entities. Hopefully you can explain that to the American people. I can't.

["Keiretsu, Kudzu, Zaibatsu, and You," by George Weimer, Industry Week, March 16, 1992 and Bernard Conors "Japan's New Colony—America," may be found in the committee files.]

LETTER FROM EARL G. GRAVES, PRESIDENT AND CHIEF EXECUTIVE OFFICER, BLACK ENTERPRISE MAGAZINE

JANUARY 5, 1993.

The Honorable ERNEST F. HOLLINGS,
U.S. Senate,
Washington, DC 20510

DEAR SENATOR HOLLINGS: It is a pleasure for me to write to you and the members of the Senate Commerce Committee to register my strong endorsement of Ronald H. Brown as Secretary of the United States Department of Commerce.

As publisher of Black Enterprise magazine and chairman and chief executive of Pepsi-Cola of Washington, D.C., I have admired Ron Brown's career and achievements for more than 25 years. Mr. Brown's demonstrated ability to inspire, motivate and organize people and resources is perfectly suited to the mission of the Commerce Department.

Under his leadership, the Department can take a more prominent and aggressive role in revitalizing economic development in America, rebuilding our infrastructure and providing job-training and apprenticeship programs for our citizens. Ron Brown will keep America first in the international economy as well as affirm our competitive edge in global markets.

President-elect Clinton's appointment of Ron Brown to lead the Department of Commerce is an important first step in the new administration's efforts to move the American economy forward by emphasizing growth of new businesses and emerging technologies. Ron Brown is a no-nonsense, can-do manager who can help make President-elect Clinton's economic vision for our country a reality.

Sincerely,

EARL G. GRAVES.

LETTER FROM BARBARA S. FREDERICKS, ASSISTANT GENERAL COUNSEL FOR ADMINISTRATION, OFFICE OF THE GENERAL COUNSEL, DEPARTMENT OF COMMERCE

JANUARY 4, 1993.

Honorable ERNEST F. HOLLINGS,
U.S. Senate,
Washington, DC 20510

DEAR MR. CHAIRMAN: President-elect Clinton has announced his intention to nominate Mr. Ronald H. Brown for the position of Secretary of Commerce.

By letter to Stephen D. Potts of the Office of Government Ethics, my office certified that Mr. Brown's financial disclosure report is complete and does not disclose any financial interest or outside activity that violates or appears to violate applicable conflict of interest laws or regulations.

The mission of the Department of Commerce is to foster, promote, and develop the foreign and domestic commerce of the United States. This encompasses the broad responsibility to serve and promote the nation's economic development and technological advancement.

Mr. Brown is currently chairman of the Democratic National Committee. He also is a partner with a law firm, Patton, Boggs & Blow. Mr. Brown serves on several corporate and educational and public policy non-profit boards of directors. In addition, Mr. Brown has stock holdings in companies in several industry sectors, as well as holdings in money market funds, accounts in financial institutions, and real estate holdings, including several residential real estate limited partnerships. Additionally, Mr. Brown has financial interests in banking, communications, consulting, pension plan record-keeping, telephone installation, television equipment leasing, and waste management business entities. Also, Mr. Brown's wife receives a salary from a communications company.

Mr. Brown is taking a number of actions to avoid a conflict between his private interests and any responsibilities he would have as Secretary. He will resign from his position as chairman of the Democratic National Committee and from all director and officer positions with outside business and non-profit entities.

Mr. Brown also will terminate his relationship with Patton, Boggs & Blow and terminate his financial interest in the firm. Mr. Brown will also convert his independently managed, defined contribution plan into a diversified investment fund or other non-conflicting interest.

Mr. Brown will convert his interests in a Prudential Securities Managed Account, as well as any other stock in a widely-traded company, into a diversified investment fund or other nonconflicting interest.

Mr. Brown will disqualify himself from participating in any matter likely to have a direct and predictable effect on Albimar Communications, Capital PEBSCO, First International Communications, Huntcliff Associates Limited Partnership, Potomac Housing Fund Limited Partnership, residential property in Davis, West Virginia, Rollingbrook Associates Limited Partnership, and Willow Springs Associates Limited Partnership.

Because one of the companies in which Mr. Brown has a financial interest has significant contractual dealings with the District of Columbia, Mr. Brown will also disqualify himself from participating in any particular matter likely to have a specific and differential effect on the District of Columbia.

Although he will retain no financial interest in the Democratic National Committee and Patton, Boggs & Blow, to avoid any potential appearance of a conflict of interest, he will disqualify himself from participating in any matter likely to have a specific and differential effect on those entities for one year following his appointment. Similarly, he will disqualify himself for one year from participating in any particular matter in which he or his firm provided legal services to one of his current clients. Current clients include all entities Mr. Brown brought to the firm or personally provided legal services during the past year.

Mr. Brown will seek a conflict of interest waiver which will allow him to participate in matters likely to have a direct and predictable effect on Boston Bank of Commerce, Harmon International, Kellee Communications, and PEBSCO Municipal securities Corp. Until such a waiver is granted, he will not participate in any matter likely to have a direct and predictable effect on those entities. Following issuance of the waiver, he will continue to disqualify himself from participating in matters likely to have a specific and differential effect on those entities. In the event a waiver is not granted, Mr. Brown will either divest the financial interests or continue to disqualify himself from matters likely to have a direct and predictable effect on those companies.

Programs and policies of the Department are unlikely to have a direct and predictable effect on Mr. Brown's interests which are outside the coverage of the actions described in this letter. Mr. Brown's actions as Secretary are not likely to influence significantly, or be influenced by, those interests. If a particular matter arises which would have a direct and predictable effect on such interests, he could disqualify himself from participating in that matter or seek a conflict of interest waiver for interests which are insubstantial.

In light of Mr. Brown's plans to terminate certain interests, resign positions, issue a disqualification statement, and seek a waiver, his financial holdings should present no impediment under 18 U.S.C. § 208 and related regulations to the execution of his duties as Secretary. I am not aware of any other potential conflict of interest or appearance of a conflict or any other legal impediment to Mr. Brown serving as Secretary of Commerce.

Sincerely,

BARBARA S. FREDERICKS,
Assistant General Counsel for Administration.

○

ISBN 0-16-041315-X



9 780160 413155

